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# ***JPRS Report***

## **Near East & South Asia**

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# Near East & South Asia

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## REGIONAL AFFAIRS

### Possible Changes Seen in Syrian Policy

#### Syrians Reportedly Want Agreement

44230082A Tel Aviv YEDI'OT AHARONOT  
in Hebrew 31 Dec 89 p 19

[Article by Mordekhay Gur]

[Text] Once again the question arises: Is there a chance for an agreement between Israel and Syria, or are the two countries doomed to at least one more all-out war between them?

In my opinion, there is no need for such a war—even if a full peace agreement is not on the horizon. I state this with explicit consciousness that the entire Golan Heights, and especially certain portions of it, have a strategic value for which there is no technological substitute. I add to that also the following facts and assumptions:

Since May 1974, Syria has been observing scrupulously the agreement for the separation of forces, both as concerns the size of the forces and by completely preventing anti-Israel terrorist actions from its territory. This agreement was not violated in even the most delicate situations. The Syrians observed it when they entered Lebanon in 1975, at the invitation of President Franjyah; during Operation Litani, in March 1975; and in an almost unbelievable manner during the Lebanon War. Our forces then ended up in heavy aerial battles and a comprehensive confrontation on the ground with the Syrians, but there was complete quiet on the Golan. On all these occasions, the Syrians took care also to refrain from direct provocations against Israel.

There were several reasons for their behavior: the signing of the separation of forces agreement on the Golan Heights satisfied Syrian pride, and the implementation of the agreement is good and convenient for Damascus. The IDF's [Israel Defense Force] relative advantage deters the Syrians sufficiently from initiating confrontations which are not essential for protecting their diplomatic and strategic interests on other fronts—from Lebanon to Iraq. The Israel-Egypt peace treaty, the de facto peaceful relations between Israel and Jordan, and the continuing hostility between Syria and Iraq—all these prevent al-Asad from crystallizing a general Arab front for war against Israel. And war by Syria alone does not appear as a desirable option to Damascus—and rightly so.

In recent years, the Syrians have been aware of the desire of the great powers to solve conflicts by diplomatic means, and have been especially aware of the Soviet refusal to become involved in a hopeless war. The decisions of the Algiers summit, in June 1988, proved to them that the Arab world wants to solve the conflict with Israel by diplomatic means. King Husayn's withdrawal

from direct involvement with the Palestinian issue made Syrian opposition to a political settlement largely irrelevant.

'Arafat's moderate declarations at the end of last year, and the relative achievements of the intifadah, proved to the Syrians that their opposition to an Israeli-Palestinian agreement is archaic. Therefore, since the beginning of 1989, there have been signs of their readiness to join the political process—if it will indeed be real.

The renewal of relations with Egypt marks another step in this direction, not only because Egypt continues to maintain peaceful relations with Israel, but also because of its close contacts with 'Arafat, whom al-Asad hates so much. Now the Syrians must define their national priorities—to themselves and to the Arab world. They must decide if they are seeking to strengthen their influence in Lebanon or to regain the Golan Heights. On the basis of an acquaintance with the realistic Syrian approach, there is a basis for the assumption that the ensuring of their superiority in Lebanon will be consistent, in the long run, with the Israeli interest in the Golan Heights.

Such a situation will serve as an intermediate stage on the way to a general settlement. These things have been known for a long time. Their basic validity remains, and we must strive vigorously for their realization.

#### Al-Asad Reportedly May Apply Pressure

44230082B Tel Aviv YEDI'OT AHARONOT  
in Hebrew 31 Dec 89 p 19

[Article by Moshe Ma'oz]

[Text] The renewal of diplomatic relations between Cairo and Damascus is doubtless an important strategic victory for Egypt. At the same time, it may turn out to be a sophisticated tactical move by Syria, which has one main goal: to exert diplomatic and even military pressure on Israel in order to take the Golan Heights from it.

In 1978, Syria placed itself at the head of the large Arab camp that opposed the Camp David agreements, and consequently pushed Egypt from the premier pan-Arab position. Now it can be said that the reversal of the situation has been completed. Al-Asad has, as it were, confirmed Sadat's and Mubarak's political-diplomatic concept, and has come to terms, at least by implication, with Egyptian hegemony. Of course, this step did not take place in a vacuum. The Egyptian line had previously won the support of other Arab states, mainly Iraq, which has now become free of the heavy burden of the Gulf War. Iraq even joined Egypt, Jordan, and North Yemen in the framework of a new political-economic axis, which darkened the Syrian horizon. The establishment of this axis threatened to push the rulers in Damascus into regional isolation, and exposed their eastern flank to political-military dangers.

Therefore, Syria is looking for Egyptian backing in order to extricate itself from the difficult position into which it

was drawn and in order to counterbalance Iraqi pressure. The price—recognition of the Egyptian peace policy towards Israel—appears to be heavy, but it may well not be heavy in Syria's opinion. It is also possible that al-Asad has decided that his joining the diplomatic process in the region will aid him in one of two things: if he does not regain the Golan Heights by diplomatic means, it will make it easier for him to put a wedge between Egypt and Israel, and in the long run perhaps even to establish a military coalition with Egypt against Israel.

In this context, it should be remembered that Syria, despite its great efforts, is very far from realizing the doctrine of strategic balance between it and Israel. Domestic economic difficulties, the intervention in Lebanon, the pan-Arab isolation, and, foremost, the lack of Soviet backing for military initiatives—all these put in great doubt the Syrian ability to take the Golan Heights by force. Therefore, it is reasonable to assume that al-Asad intends to take a different path, and has the blessings of the Egyptians in this. Reason says that he is looking towards progress in the Israeli-Palestinian-Egyptian negotiations on the elections and on the future of the occupied territories, and hopes to establish linkage between that and the solution of the problem of the Golan. After all, the Camp David agreements by their very creation were meant to be part of a general settlement—and if al-Asad has decided to come to terms with them, he must certainly not forget this fact.

Therefore, it is possible that in the foreseeable future there will emerge a clear Egyptian-Syrian initiative for the inclusion of the question of the Golan in the diplomatic process. Such an initiative would certainly receive broad international support, including that of the United States, which has never recognized the annexation of the Heights to Israel. If al-Asad indeed proposes a peace treaty in exchange for the Golan, it will be difficult for Jerusalem to reject his proposal, if only because of the precedent of the return of Sinai to Egypt in 1978. On the other hand, if Israel refuses to negotiate with Syria on the return of the Golan Heights, or if it continues to reject American-Egyptian-Palestinian proposals on the issue of the occupied territories, al-Asad will also not come out a loser. Each one of these scenarios will result in the presentation of Israel as a refuser of peace, and in that manner will make it easier for the Syrian president to go back and convince his old-new colleagues that only military force will obtain Israeli withdrawal from the territories that it conquered in 1967.

### **Socialist International Official Interviewed**

900A0291A Tunis REALITES  
in French 12-18 Jan 90 p 22

[Report on interview with Jean Ziegler, member of executive committee of the Swiss Socialist Party, by Nejib Lakenji; date and place not given; first paragraph is REALITES introduction]

[Excerpt] During an exclusive interview Jean Ziegler, a member of the executive committee of the Swiss Socialist party and of the executive council of the Socialist International [SI], and an academic and writer, mentions Tunisia's role within the SI, in the UMA [Arab Maghreb Union], democracy, and recent developments in Eastern Europe.

[REALITES] What is the scope of your visit to Tunisia?

[Ziegler] My visit is strictly personal. I have taken advantage of it to meet a few Tunisian leaders, including Abderrahim Zouari, secretary general of the RCD [Constitutional Democratic Rally].

[REALITES] You are a member of the executive council of the Socialist International. What could the RCD contribute to the SI?

[Ziegler] It is essential that a party such as the RCD, but possibly other lay formations, should be present in force in the SI and make their voice heard while assuming major responsibilities. It would seem normal and proper for Tunisia to assume the role of vice president within the Socialist International. It is in the interest of the SI, which needs dependable and sound partners in the Third World. Tunisia is one of the rare authentic, pluralist democracies respecting the rights of man in the non-European world. It has a powerful national movement that is more than sixty years old and that has provided the country with genuine sovereignty. I have no doubt that 7 November 1987 was a happy event for Tunisian democracy.

[REALITES] What do you think of Islam activism in the Maghreb in general, and in Tunisia, in particular?

[Ziegler] It is a great danger for the whole region. All the lay parties should unite to create a solid barrier against Islamic movements that seem to me to incarnate regressive values hardly in conformity with the Tunisian democratic tradition. In my view, I see no difference between catholic fundamentalism, Jewish fundamentalism, and Islamic fundamentalism. The three are movements of exclusion, intolerance, and of regression.

[REALITES] The Arab Maghreb Union has been in existence for a few months, and Tunisia has filled the presidency since the beginning of the year. As a specialist in this region, what future do you foresee for this union?

[Ziegler] It is important that Tunisia assume the presidency of the UMA. But I do not believe it would be realistic to make a five-member Maghreb [union]. In my opinion, it is absolutely necessary to constitute a six-member Maghreb [union] and include the Sahrawi Republic.

It is necessary that the United Nations peace plan be applied to this very well-defined region of Africa. I have visited the front several times and I can assure you that it is a war of attrition, costing hundreds of Arab lives, and that neither of the two sides can win.

I should add that the Polisario, like the PLO, such as I know them, are pluralist and profoundly democratic movements. Progressive forces in the Maghreb, and the establishment of a fully sovereign RASD [Saharan Democratic Arab Republic], will no doubt be an element of equilibrium and stability in the region.

A united Maghreb can function economically only if there first is a minimum of democratic reality. It would obviously be an illusion to ask for the immediate overthrow of all authoritarian regimes existing in the Maghreb. But one must require more or less a minimal guarantee of human rights and civic freedoms for all persons of the Maghreb, in particular a Maghreb Charter of human rights, and a court of justice, like the one in Strasbourg, which effectively provides guarantees of human rights for all the inhabitants of the Maghreb.

## ALGERIA

**UGTA, Government Meeting Discusses New Agenda**  
*90OA0259D Algiers EL MOUDJAHID*  
*in French 8-9 Dec 89 p 3*

[Article: "Government-UGTA Meeting To Reconcile Economic Imperatives and Workers' Interests"]

[Text] APS—In the context of the dialogues he has initiated with all partners in the social sector, a working meeting chaired by the head of the government brought together the National Secretariat of the UGTA [General Union of Algerian Workers] and the ministers of industry, transportation, mines, interior, economy, social affairs, justice, posts and telecommunications; the deputy ministers of labor, organization of commerce, the deputy minister of planning; the secretary general of government; and the general director of the Civil Service.

The economic and social sections of the government's program relating to the campaign against speculation, recovery of revenue, organization of the import trade and of wholesale and retail commerce, as well as those relating to social welfare and the establishment of democratic rules of organization were developed by the members of the government. Particular emphasis was laid on the following:

1. The lasting and effective protection of the purchasing power of wages, in general, and of those of the most deprived categories, in particular, will be achieved through resolute reduction of the present causes of inflation and protection of the purchasing power of the dinar.

### Equitably Sharing the Burden of Austerity

2. Reduction of the causes of inflation will also be achieved through all of the measures provided by the government's program, through the reduction of excessive accumulated revenue in all business sectors, which

the government is combating through the reorganization of commerce, financial rigor, and the redeployment of fiscal pressure aimed at those categories that today avoid or evade taxes.

3. This multiform program should, in the short and long run, result in the active and effective protection of the purchasing power of the low-income categories and of all wage earners, the stimulation of investment in production and of employment, and the development of housing construction.

Consideration of the issues raised during the meeting brought out the need for:

- Assigning priority to the curbing of inflation.
- Reinforcing the public sector by increasing its efficiency and eliminating unearned income positions.
- Equitably distributing the burden of austerity among the different social categories.
- Recovering profits from speculation for the benefit of economic development and for the protection of those with low incomes and the promotion of technical skills.
- Promoting a dialogue that is close to actual realities and devoid of outbidding.

### Democratization of Decisions on the Economy

It was also noted that restoration of the country's economic situation to a sound basis is being achieved through democratization of decisions on the economy, reinforcement of the financial resources of the public enterprises and democratization of their management, the establishment of economic and financial regulatory systems that allow for a real reactivation of the economy, and through the real mobilization of management and workers.

Restoration of the national economy and improvement of the efficiency of the enterprises are the conditions that are essential to the growth and improvement of the purchasing power of people.

The government is always ready to cooperate with the workers:

- To take all useful steps possible likely to protect those with low incomes and to improve the status of workers who contribute the most to the national effort for economic and social recovery.
- To expand the area of democratic expression and collective bargaining in the world of labor surrounding action programs aimed at increasing enterprise efficiency and at better distribution of income in accordance with each individual's efforts and merits.
- To increase the efficiency of the national social welfare system on the basis of sensible utilization of the existing potential and of greater solidarity among citizens.

### Fundamental Interests of Workers

The government noted the objectives it has set itself within the framework of its program adopted by the APN [National People's Assembly], a program that is in keeping with the interests of the great majority of our citizens.

It reasserted its absolute determination to work for its realization, convinced as it is that it serves the fundamental interests of the workers.

As concerns the social sector, the government reminded us of the urgent issues that will be dealt with very soon.:

- Protection of the purchasing power of those with low incomes.
- Increased support for the creation of jobs and the implementation of collective housing programs for workers, with those concerned themselves participating in them.
- Satisfaction of the conditions necessary for the protection and raising of wage levels in a cooperative framework, chiefly at the level of the enterprises, by avoiding inflationary tendencies and by mobilizing technical skills and productivity reserves.
- Improvement of some retirement pensions and investigation of the possibilities for mobilizing financial resources to reduce the amount that goes into the redemption of retirement fund contributions.
- Finalization of the bill for the framing of labor relations, which should allow for extension of the process of democratization in the handling of labor relations.

### Reforms Proposed for Revenue Service

900A0259E Algiers EL MOUDJAHID  
in French 28 Nov 89 pp 12-13

[Article by Ali Bahmane: "Administration of Finances and Campaign Against Fraud and Tax Evasion: The End of Archaism?"]

[Text] There is no "spontaneous generation" of swindlers and speculators. They have patiently and steadily sprouted and grown over the years, rushing into the vacuum left by a finance administration that has been unable to stop them because of its distressing and completely outmoded archaism.

These swindlers are today stuffing their pockets: Cheating or the Internal Revenue Service blithely produces \$50 billion a year for them, money that is transformed into sumptuous homes, luxury cars, and extravagant expenditures, all items that make up the caste of Algerian nouveaux riches whose ostentatious lifestyles and external signs of wealth constitute many sly digs at the fragile equilibrium of our society. All this money slips through the fingers of the state, forced to tighten its belt because of it. That many fewer schools, hospitals, highways, etc., when we realize that 95 percent of all

state revenue comes from the collection of taxes. We can imagine all the lost opportunities.

There is, however, a finance administration charged with keeping its weather eye open and blocking the way to speculators and swindlers of all stripes. Established throughout the country, it must not only assess and collect various duties and taxes, but also manage the finances of local communities and charity establishments as well as state property while drafting the national budget and supervising its implementation.

Logically, one might think that this administration has lots of muscle and is the one that is most well-off in this country since it is responsible for collecting the "sinews of war" and for seeing to it that not a penny of the state's money finds its way into the pockets of a swindler.

But that's where the shoe pinches; the real situation is quite different: Over the years—and decades—the administration has cloaked itself in a layer of dust and gotten into the rut of its old reflexes, perpetuating methods of operating, some of which go all the way back to the colonial era. There has not been much of a breath of fresh air in this administration that has entrenched itself in an austerity that in the long run has become synonymous with wretchedness.

### Enormous Responsibilities Without Compensation

Let the reader judge for himself: The average current rate for general staffing is only 5.3 percent, a rate, moreover, that has to be weighted as being in decline when we consider the fact that less than half of management personnel have university degrees, that is, all told 2.4 percent of all personnel, the rest acquiring their positions through internal promotions.

The 13,500 agents who make up the tax services handle 1.2 million tax assessments, which represents an average of 300 taxpayers per agent. In some industrialized countries the average is 100.

Viewed in terms of population size, there is one agent for every 2,000 inhabitants, whereas, the proportion in France and Belgium is one agent for every 550 inhabitants and one agent for every 1,500 in Ivory Coast and Senegal.

This shortage of personnel and aridity in terms of staffing have opened the door to on-the-spot recruitment, most of the time of poor quality. They have recruited no matter who, no matter how, with the result an increase in errors and mistakes and an evident lack of openness in the account books. All this is manifested by an intolerably excessive workload for existing personnel. By way of example, how can the Algiers Wilaya Treasury verify and certify the 27,000 money orders that pass through its departments every month? Can the Treasury deal with the continual increase in the number of businesses, hospitals, institutions of all sorts? For the record, we recently noted that a person as important as the chief accountant of the treasury had to retire and no one was

available to assure an immediate replacement for him. He had to be understudied by one of his assistants so that the latter could acquire empirical training.

Some functions, like those of public accountants and tax agents, are crumbling under the weight of enormous responsibilities. But the area in which nothing works includes the specific wages currently paid. They are ridiculous. Even 25 years ago, these wages represented 120 percent of the base rate for accountants, collectors of recording fees, state property and stamp taxes, and land excise tax officials. Cashiers and managers used to receive their salaries in cash and real estate register agents and data-processing personnel used to be paid premiums for their technical know-how.

But with the establishment of the SGT [General Workers Statute], these premiums disappeared, without sufficient upgrading of the positions.

This administration's employees otherwise have to deal with poor working conditions that compel them to cram themselves into small, cramped offices, sometimes huts or vans and even stables used for other purposes without heat or air conditioning.

Many departments lack equipment: typewriters, adding machines, or Xerox machines. The preservation and archiving of documents are haphazard because of the scarcity of filing cabinets. Taxpayer case files involving millions of dinars are even filed on the floor, exposed to all sorts of deterioration. The various departments are sometimes forced to beg local community administrations for paper.

An indispensable tool, particularly for the real estate register and public property (topographical and real estate surveys) departments and the tax administration (census, court actions, and verifications), service vehicles are sorely lacking. The current motor pool is estimated at 0.2 vehicles per facility (less than one per department), half of which are out of use due to constant breakdowns.

#### **Protect Exposed Personnel**

It is pointless to dwell any further on this description of the state of underdevelopment of this administration, from which all sorts of swindlers have profited.

It was only starting with 1987, when the collapse of oil exports harshly emphasized the need for providing the state with funds other than those obtained from hydrocarbons, that the decisionmakers felt the need for reviewing all this and finally listening to all those who had sounded the alarm. Several reports were made by this administration itself.

But it is especially since mid-1988 that they have been taking the bull by the horns: A large number of actions having an immediate impact were taken on the spot,

others are in a preliminary phase or being launched, with everything aimed at reorganization and modernization of the whole sector.

In the eyes of the initiators of this reform, taxation must be an instrument for regulating the economy that serves as an incentive or a deterrent and the treasury must extricate itself from its passive role of "cow to be milked" so that it can raise itself to the level of a true state banker, a stimulator of deposits and savings, that invests its assets in financially profitable activities.

In their opinion, the present system will not allow these reforms to succeed; it is urgently necessary for them to get away from the traditional ways of organizing the sector and to opt for a new, modern, efficient administration. But to do this, and above all to recover all the money that is fraudulently being drained from it, they will have to pay the price: stop failing to understand [the plight of] administration personnel, who must be commended for self-sacrificingly taking care of the heavy work load that they are burdened with, without having to react. But, for how long? They cannot remain indifferent for long to the demanding environment they are in and, if they react, it may do the country a lot of harm since they manage "the sinews of war." Every dinar contributed to this administration and its agents produces 100 times as many more of them. Better working conditions, a statutory system, and appropriate salaries will restore confidence. A rise of just 10 percent in productivity would increase receipts by 7 billion dinars, which in a few months time would largely pay for all the expenditures agreed to.

The personnel exposed [to these working conditions] must be protected from temptation and risks: Objective, honest, and without pity—this is the desired image for government finance employees.

To achieve this, posts will have to be upgraded and an appropriate and attractive wage schedule established. With this in mind, some indicate, the idea has been advanced of a wage schedule that is specific to each sector (for the 26,000 employees, the impact would be 500 million dinars). The proposal on their individual statuses was finalized last November with the Civil Service and should be approved. A training operation will be simultaneously conducted, which will involve no less than 70 percent of the existing personnel, or nearly 15,600 agents, for whom vocational retraining or advanced training programs are to be organized.

#### **500 Microcomputers Acquired and 2,400 University Graduates Recruited**

Decentralization of the round-table committees has begun. Staff promotion orders for 2,500 employees have been signed and another 1,800 orders are being processed. At the wilaya level 17,000 people have had their orders signed or will have them soon. A whole series of competitive exams have been programmed, the first of which, within the next few days, will involve the real estate register department.



With regard to staffing, a recruitment notice was issued for 2,400 posts for university graduates. The 4,000 applications that have been received are being processed. As concerns the supply department, 1,500 air conditioners were requisitioned, 500 of which have already been delivered, while the others will be as deliveries are made by ENIEM [National Electrical Appliances Industries]. A first consignment of adding machines, mimeographs, Xeroxes, electronic stencils, and safes has been received, with ENAEB [National Lumber Company] assuming responsibility for delivering the rest of them, during the next few months in principle.

That leaves the "ne plus ultra," that is, the data-processing equipment. The Ministry of Finance, today the Ministry of Economy, has launched an ambitious data-processing program, including an "integrated study" section, with the assistance of the World Bank. To date, over 1,200 persons have received training on this instrument and over 5,000 others will shortly have done so (1990-1991).

With the assistance of ENSI [National Data Processing System Company], ENORI [expansion unknown], the High Commissariat for Research, and academicians with experience in this sector (Houari Boumediene University in Bab-Ezzouar), priority actions have enabled them to initiate provisional measures in the treasuries (eight sites) and the foreign tax departments (six sites).

The equipment will be received during the first quarter of 1990. A complementary microcomputer program involving the installation of over 500 microcomputers will enable them to equip the different excise offices in all of the wilayas between October 1989 and June 1990. A call for bids was issued to national public and private suppliers to provide services in the areas of advice, organization, and implementation, application, and training studies.

Computers should soon eliminate the many repetitive and tedious activities that at present monopolize the time of most of the personnel, who still use huge rosters and account books, reference numbers, initials, etc. This tool will not only make possible big gains in productivity, but will also make the administration more accessible in its relations with the public.

But the introduction of computers is inconceivable without the establishment of a unified and simple accounting system, another objective set by the action program. It is a question of simplifying the present tax system, since it is complicated and subject to a multitude of laws and regulations and to an excess of printed forms and records.

At the present time the collection of tax revenue is handled with difficulty, since the system is characterized by three families of taxes (on income, expenses, and capital) that generate a plethora of duties and taxes matched by an extremely broad range of tax rates.

#### Forty-Five Finance Offices and 220 Financial Centers

The proposed reform is aimed at remodeling the organizational structures in the direction of specialization of activities by type, not by tax cell, and at creating a single identification system for all taxpayers. As with social security, a single registration number will be assigned to each taxpayer, regardless of what he does for a living and where he resides, which will make it possible to expose any fraud. Moreover, the current accounting system can no longer operate at two different speeds; [we are referring to] the one employed by treasury accountants, who use an in part simple accounting system [as published].

A study group formed in September 1988 has worked up a common accounting system and distributed it to all public accountants while waiting to go ahead with the unification of the public accounting system in conjunction with the Audit Office, which is supposed to implement administrative audit measures that would be entrusted to public accountants in accordance with the already established hierarchical order.

In another area, it appears to be necessary to undertake a reform of the real estate register department that will make it possible to supply essential information on land or property owners and what their assets consist of, to assess a land tax, and to cut down on the litigation having to do with landed property that the courts are clogged with and that creates social strife. Up to now, the real estate register department has only been able to record 658,000 hectares, scarcely six percent of the country's land. Reform is imperative because it is essential to urbanization, the development of agriculture, and regional development. The finance administration drafted a bill for the creation of a National Real Estate Register and State Land Operations Agency—a public agency administrative in nature and endowed with financial autonomy—a bill that was submitted to the secretary general of government on 6 September 1988. The real estate register bill (extension of the department's power to intervene and recruitment and training of technicians) was set in motion on the spot, the objective being to record all the land in the country within 10 years. This operation was a preliminary to the establishment of a general property tax.

But all this general reorganization of the administration will only have a tangible effect if it can down the line be within reach of the citizen. Its promoters have opted for the finance office formula, capable of offering all the advantages of a single, simplified financial system in one and the same building. It would be a place in which all of the state's money would be handled. At the central finance administration they object to the idea that these finance offices would be administrative buildings. Quite the contrary, they say, they could be real business centers, capable of handling enormous sums of money. With the economic reform, isn't it the treasury's mission to be the state's fiduciary agent, which holds shares, handles treasury bonds, equipment vouchers, the national loan...?

The construction of 45 finance offices and 220 financial centers has been retained; the cornerstone of the first building is to be laid at Tissemsilt, the first wilaya that responded to applications concerning parcels and participation in financing. Financial centers are provided for at the daïra level, which will permit inspections of tax basis and tax receipts, the registration of state properties, and the real estate register to be combined. The central administration is arguing for the generalization of those structures for which financing is assured by the World Bank.

Thus, a unified administration of finances, organized simply and computerized, operating in functional, equipped, and integrated structures, could resemble the modern administrations of the industrialized countries. It is this that could bar the way to the swindlers and fill the state's hopelessly empty coffers, which the 100 billion dinars in budgetary revenue are not enough to fill.

Because it is pragmatic in first aiming at identifying and then correcting [the problem] and because it sets in motion an overall, integrated modernization plan, this reform has an excellent chance of succeeding.

#### Islamic Association Publishes Magazine

90OA0259C Algiers EL MOUDJAHID  
in French 7 Dec 89 p 24

[Article by A.R.: "First Issue of Magazine EL-IRCHED Published"]

[Text] The national association, El-Irched Wa-l-Islah, has just come out with its first trial-issue of its official publication, entitled EL-IRCHED.

Monthly? Bimonthly? Weekly? The intervals at which it is to be published were not announced in this first issue of this young and promising magazine that opportunely fills a gap in our dismal news media landscape.

Published by an association of an apolitical nature, EL-IRCHED differs from the FIS [Islamic Front for Salvation] organ, EL-MOUNQID, in its more reasonable, clearer, more responsible positions and in its less aggressive tone. One would be more inclined to be reminded of the magazine, EL-ISLAH, which used to be published by the association of the same name in the United Arab Emirates.

Various articles are offered in this first issue: a commemoration of the 11 December 1960 demonstrations, a presentation of the El-Irched Wa-l-Islah Association's objectives, an analysis of the political reforms in progress in the country, and an account of Sheik Chahid Abdallah Azzam, the dead Palestinian champion of the cause of the Afghan mujahidin, murdered last 24 November.

Having said this, we must recognize, as much out of friendship as out of "prevention," that today it is imperative for us to address the reader in simple, direct language without frills. In a word, as in a thousand, we

must cut out these melodious formulas and these magnificently hollow phrases that have no meaning, that can only irritate people or take the place of a soporific, now that we are aiming for an aware and cultivated readership, readers for whom Islam cannot make do with the frenzied medieval twaddle with which we are familiar.

A good and auspicious course of action. The future lies with individuals who think for themselves, those most flexible, those most reasonable.

#### EGYPT

#### Shanudah Interviewed on Foreign Events, National Unity

90OA0268A Cairo AL-AHALI in Arabic 17 Jan 90 p 10

[Interview with Pope Shanudah, Coptic Patriarch of Alexandria, by 'Ablah al-Ruwayni and Muhammad Musa; Dayr Bishoi Monastery (Wadi Natrun); date not given]

[Excerpts] [passage omitted]

[AL-AHALI] Pope Cyril was a spiritual man. Because Your Holiness has gone out into the throngs of the people, some people describe you as being a politician. Does this description annoy you?

[Shanudah] Pope Cyril also used to live among throngs of people as pope. This is the nature of the office. As for politics, I never wanted to enter it, but people come to ask me questions, as you are doing now. If I did not speak, I might be described as passive. Some might even think that I am under pressures preventing me from speaking.

[AL-AHALI] The matter goes beyond speaking and questions. There was the problem with al-Sadat, for example. You were arrested.

[Shanudah] I will get to that. In Pope Cyril's days, he used to be asked to speak. He used to issue a statement through his assistants, his secretariat, or one of his bishops. There are situations in which the church expresses its opinion and cannot stand passive, or it will be criticized. The difference is that while the political position exists, one person expresses it by his own words, and another expresses it through one of his deputies or through someone he appoints for this purpose.

"Politician" means a person who discusses politics or occupies himself with it. We do not occupy ourselves with politics, but people ask for our opinion about it. Does a man of religion have to take a completely passive stand on any political subject proposed to him? Not at all! Expressing an opinion on politics is one thing; occupying oneself with politics is another. We do not occupy ourselves with politics for two reasons: first, because it is not our job or our responsibility; second, because we do not have time for such matters. Nevertheless, people come to ask.

Another point: Some political positions acquire a patriotic or national character. Regarding these, no person can isolate himself completely on the pretext that they have a political character.

Third: We are invited to many political occasions and to sessions of the People's Assembly, along with His Excellency the Shaykh of al-Azhar and His Excellency the Mufti. Should I not go, on the ground that the People's Assembly has a political character? Is it right for a man of religion to isolate himself from the problems of his homeland in which he lives?

In addition to all this, sometimes I am invited to speak and cannot decline, since there is no vital reason calling for declining. For example, the late Dr. Jamal al-'Atifi once invited me to lecture on social justice. President al-Sadat often invited me to speak—once at the opening of St. Mark's Hospital, and once at the 'Abdin Palace. His Excellency Dr. 'Abd-al-Halim Mahmud, the shaykh of al-Azhar, also spoke. There are situations in which one cannot excuse oneself, especially when one's opinion is sought, and when it is known that one's opinion may be significant.

[AL-AHALI] Some people have spoken of a tense relationship, more antagonistic than friendly, between you and Dr. 'Abd-al-Halim Mahmud.

[Shanudah] I have never regarded him as an antagonist. He is a man of religion who holds to his religion; I, too, am a man of religion who holds to his religion. Each one follows his own way. We used to meet and speak as friends. We usually met at sessions of the People's Assembly, since we sat next to each other. I remember once—I had returned from a trip to America in 1977, and he was preparing for a trip to America. We were sitting together in the People's Assembly. I said to him, "I have heard that Your Excellency intends to go on a trip to America. I would like to tell you some observations, so that your trip may be as successful as possible." I spoke to him at length. He was very pleased and responded to me in conversation.

For example, I told him, "You will inevitably be invited to universities to speak on certain subjects. It would be good to get ready right now for such subjects." He asked me about the subjects I would suggest for him to talk on. I also told him, "You will be invited to speak on television. They may ask you embarrassing questions. My advice is that you should ask to see the questions before you speak. You should review them and should have the right to delete any question, so that you are not embarrassed." I spoke with the greatest affection. When he returned, he said, "The pope advised me thus." It was published in the newspapers. I never regarded him as an adversary, but rather as a colleague. We live together—he represents one religious direction, and I represent another. You have your religion, and we have a religion. [passage omitted]

[AL-AHALI] What is the view of Your Holiness on describing Christians in Egypt—by way of unifying the nation—as "Muslims in country, Christians in religion"?

[Shanudah] In fact, the word "Muslims" means a particular religion, and not a country. This is indicated by the fact that there are Muslims in many countries, each having his own patriotism and his own nationalism, despite the unity within one religion. As Christians see it, one can say, "Egyptians in country, Christians in religion," and, "Egyptians in country, Muslims in religion."

[AL-AHALI] Didn't Mukram 'Ubayd propose the slogan?

[Shanudah] But it is an inaccurate expression. [passage omitted]

[AL-AHALI] The expression "national unity" has become worn out; the media have stripped it of its content, impact, and sanctity. Its media formulation has become trite and formal.

[Shanudah] National unity as a goal is something required. We ought to understand it in a broader sense than the religious. There is national unity in the political sense, as proclaimed in Lebanon, as well as national unity in the geographical sense.

Even if some people deviate from national unity—as they often do—this does not harm the concept, but rather those who deviate from it. This does not mean that national unity loses its meaning, force, or necessity, even if people misuse the concept or take it in a formal way—slogans, as you say, that express no real meaning. Rather, it ought to be real, not an allegation or play-acting.

[AL-AHALI] Your Holiness is against continually becoming absorbed in Muslim-Christian problems and opening up wounds and disputes. However, some people believe that only frankness and openness will ever be able to go beyond the situation and bring renewal.

[Shanudah] Frankness is good when it leads to reconciliation. (Laughing). When frankness is harmful, talking about ideals is beneficial. Everyone likes ideals, even if they do not exist. There is a beautiful proverb that I believe in and frequently repeat: "Instead of cursing the darkness, light a candle, and the darkness will be dispelled by itself." Lighting candles is beneficial, even if darkness exists. But crying over the darkness is not beneficial, nor does it prevent the darkness. Simply uncovering mistakes without treating them performs no complete purpose, unless it includes a means of treatment. I always say that sometimes the good is good in itself, and sometimes it is good for its purpose.

There are some people who uncover errors in an aggressive and hostile manner, using insults and slander. This is a harmful method. Amid the bad reactions and exchange of evil, the goal and objectivity get lost, and people attain no result.

[AL-AHALI] Then is silence better?

[Shanudah] Positive action is best—not the silence that indicates passivity, or the attack that indicates hostility. Positive action is when one speaks with frankness and love and when one cooperates in a remedy, without injuring others.

I remember a lovely saying by one of the saints, John Chrysostom: "There is a way for you to eliminate your enemy: turn him into a friend." Thus, we eliminate him as an enemy, while preserving him as a person and friend. From matters such as this we learn the ethics of discussion. [passage omitted]

[AL-AHALI] Samuel Beckett emigrated from his home city of Dublin in Ireland, and lived in France because he rejected theocratic rule, despite his being a writer with religious depth. Do you see religious government as stifling?

[Shanudah] Religious government does not exist now. However, if the church uses authority—perhaps this is your question—some people will be uncomfortable and some will leave. The church ought to use guidance and teaching, more than authority, except when there is a dangerous general evil that calls for this authority.

[AL-AHALI] Has the church here ever confiscated a book?

[Shanudah] The church's position is to reply to ideas with ideas, because an idea remains, if it is not answered with another idea. Authority does not eliminate ideas. They often find a way to spread other than publication or printing—in an area the church cannot control. The right way is to reply to ideas with ideas.

[AL-AHALI] Has the church never demanded that a book be suppressed or confiscated?

[Shanudah] The church has absolutely never confiscated a book.

[AL-AHALI] Not even through the courts?

[Shanudah] Not through the courts. However, the church may object to a particular book if it spreads among the people and leads to bad effects such as strife and division.

[AL-AHALI] Has this ever happened?

[Shanudah] Perhaps.

[AL-AHALI] Is it permissible to use the law to try a book or work of art?

[Shanudah] What is required of the law in this case? To try the book, or to try the book's ideas? The book may be tried, yet the thought may remain among its followers, admirers, and devotees, and may spread far and wide.

The church may sometimes protest against a work of art, if it insults or offends religion. I believe the church in the

West protested against a certain film about Christ that insulted him and did not represent the historical truth.

In general, however, we believe that ideas can be remedied only by ideas. Sometimes doubt enters the mind easily, but does not leave it easily. Ideas are corrected by ideas, not by law or courts—unless the judge in his reasoning explains by more profound thought the error of the idea in question, thus justifying its condemnation. But then the thought in the legal reasoning is what corrects, not the punishment.

[AL-AHALI] Does an error in individual thinking justify a sentence of imprisonment or punishment, even if the judge's legal reasoning contains an intellectual argument?

[Shanudah] That is not for me to say, but for the legislators. (Laughing).

[AL-AHALI] Some have called Your Holiness a fundamentalist.

[Shanudah] What do you have against "the fundamentals"? (Laughing). Do you want us to go against "the fundamentals"? [Note: "To go against the fundamentals" is an Egyptian idiom meaning "to misbehave."] [passage omitted]

[AL-AHALI] How does Your Holiness read what is happening in Eastern Europe and the Soviet Union now?

[Shanudah] Communism had a number of tendencies: an atheistic tendency in religion, a political tendency with no political freedom for the people, and an economic tendency without private property. Freedom has grown in the present generation. The leader Gorbachev began this reform. He called for freedom of conscience, self-criticism, and change—what has come to be known as perestroika. In Russia, the process of change took place peacefully. In Poland, it took place politically, with elections and parties. In Romania, it happened with bloodshed, because the president was a dictator who refused to respond to change.

[AL-AHALI] Can Christianity coexist with the new Marxism?

[Shanudah] Christianity believes in voluntary socialism, not forced on people. Christianity has not laid down harsh laws; rather, it has established a spirit and a direction of heart and mind. In this light, it was said in the apostolic age, "They had everything in common." As for Marxism, it is a political, economic, and atheistic school of thought. These are broad political problems that a conversation such as this cannot cover.

[AL-AHALI] But Christian clerics in imperialistic Latin America are fighting alongside the leftists.

[Shanudah] We do not believe that a clergyman should bear arms. A clergyman does not carry weapons, but rather a blessing to the people. Political people may

defend liberation movements, but the clergyman should remain at his work with the spirit. Under no circumstances does he bear arms.

[AL-AHALI] Do you read the newspapers?

[Shanudah] I read the important things. I read AL-AHALI, and I read the other newspapers that reach me: general newspapers and party newspapers. I read the important things. If an article catches my fancy, I read it to the end; but I cannot read the details of everything, because I do not have the time.

[AL-AHALI] What are the important things?

[Shanudah] The things whose importance I feel. (Smiling).

[AL-AHALI] And the daily columns of writers?

[Shanudah] If I find time. You cannot imagine how pressed for time I am. However, the columns are easier than long articles, since they are brief and concentrated. I cannot single out a particular writer. I read what many of them write.

[AL-AHALI] What about television and radio?

[Shanudah] If there is an important occasion. But, as I say, I do not have the time.

[AL-AHALI] What is your prayer for the Palestinians in the third year of the intifadah?

[Shanudah] In my journeys to America and Australia, I emphasized this subject. I said in my talks and lectures that it is inhumane for a people to exist without a homeland. I said that the lack of a homeland for the Palestinians is causing the disturbances in the region, and that it is in the interest of the Jews themselves to solve this problem by giving the Palestinians a homeland. My prayer to God is that He will help the people of Palestine and bring their hopes to realization.

#### **MB Statement Warns of Muslim 'Annihilation'**

*JN0902171790 Cairo AL-SHA'B in Arabic 6 Feb 90 p 8*

["Statement by Muslim Brotherhood;" date, place not given]

[Text] The greatest crime is the one which has gained worldwide notoriety and which some called the crime of the century—namely, the crime of the emigration of—not hundreds of thousands—but 1.5 million Soviet Jews, to assert Jewish settlement in occupied Palestine and confirm the doctrine which Jewish leaders all over the world and especially in occupied Palestine, take pride in: the doctrine of greater Israel from the Euphrates to the Nile, which they have drawn as a flag of their state and which they hoist even in Cairo. We, the Muslim Brotherhood, will not go to the Soviet Union and beg it to stop the emigration of its fiercest and most extreme Jewish

citizens to occupied Palestine. The Soviet Union's position on the Palestine question is known, even if it is disguised sometimes.

If there are essential differences between the United States and the Soviet Union, the cold or hot war, and the difference in everything that was or is regarding the issue of Palestine and the settling of Jews there, the differences disintegrate, opinion unites, and enemies agree that Muslim shrines in Palestine will be desecrated, people will be killed and displaced, and that an enemy state will be created, along with the necessity of safeguarding it and entrenching the rule that Israel has been established permanently. Although Russia has shown friendliness and support for the Palestinian liberation movements, this has always fallen within the limits of not touching the enemy entity's security and recognizing a Jewish presence, as well as within the limits that Islamic nations, especially in the Middle East, do not show any resistance against the enemy. The weapons given the Middle East countries, foremost of which is Egypt, are carefully calculated and very limited. So is economic aid. The purpose is to create international tension, expand the scope of Soviet and U.S. influence on Islamic countries, to urge fighting against those calling for Islam, and oppressing anyone who hoists the banner of "There is No God But God; Muhammad is the Messenger of God." The Soviet issue is therefore neither strange nor unfamiliar. Therefore, when tensions with Western countries ceased and the interest in pretending to support the Arab governments that claim to be the true enemy of the Zionist enemy ceased as well, it was natural for the Soviet Union to reveal its true face, hostile to Arabism and Islam and full of grudges against them. It went so far as to invade Muslim Azerbaijan with tanks and planes and killed scores of thousands for no reason other than that they called for their legitimate rights to the freedom of belief and existence. It also revealed its firm support for the Zionist entity's expansion and growth by agreeing with the United States to send vanguards of 1.5 million Jews to settle in the West Bank and Gaza Strip and to facilitate the expulsion of all those in the West Bank and Gaza Strip—their Palestinian citizens—to affirm the existence of Israel. The occupation of Jordan, Syria, and Sinai all the way to the Nile and Euphrates rivers is something which will happen soon.

As for the greater catastrophe, it is the catastrophe among the Muslims, Islam, and the Arab and Islamic governments which have become a cold and motionless corpse that neither hears, sees, feels, nor moves.

The impending danger is crystal clear and is certain to happen soon to all those with sight and insight or touch and feeling. Despite the fact that the Arab and Islamic nations are on the verge of being annihilated and erased from existing maps, they do not realize anything or feel that there is anything concerning them at all, apart from rare articles by some writers in very narrow fields which do not arouse interest. Egypt's press is occupied nowadays with tarnishing the reputation of all politicians and those working in the public domain, including the ruling

party and its men. Awakening the sleeping nations and drawing the attention of nations engrossed in their pleasures and fantasies is something undesirable and a banned policy. Therefore, let Shamir do what he pleases and let us rejoice that U.S. Secretary of State Baker has almost reached a framework in which the Egyptian and Zionist entity's foreign ministers will negotiate in the hope that the situation will turn out a ludicrous Palestinian negotiator whom the giant Shamir might concede to look at or listen to. Wishful thinking that this gesture will come about!

When will our masters and leaders move? When will our writers and editors-in-chief wake up? When will restrictions be removed and barriers brought down between the honest callers and the Muslim Arab nations longing to work seriously and faithfully to raise God's word, protect the nations, defend right, and confront injustice and animosity?

O Arab and Muslim nations, awake. You are on the verge of annihilation. O leaders of opinion, guide the ranks. The situation can no longer bear jesting. O governments of Arab and Islamic nations, act before the flood drives you and takes you and your people to where neither regret nor apology can help.

### **Winds of Change To Destroy Region's 'Racist Regime'**

NC0402104590 Cairo MENA  
in Arabic 2222 GMT 3 Feb 90

[Text] AL-AKHBAR newspaper describes South African President Frederik de Klerk's decision to lift the ban on the activities of the African National Congress and the imminent release of its leader Nelson Mandela as an impressive victory for the struggle of the South African people and a crowning of their heroic battle against apartheid.

In an editorial in Sunday's edition, the paper says that what has happened in South Africa is a clear lesson that proves that any deviant system will eventually collapse, regardless of the efforts to preserve it, as long as there is a people fighting for its liberty and rights.

The paper asserts that the potent winds of change that have swept through East Europe, East Asia, and southern Africa will soon move to the Middle East to destroy another uglier racist regime. The paper refers in this connection to the Israeli practices in the occupied Arab territories.

### **Joint Transport Venture With Hungary Agreed**

JN1002203090 Cairo AL-AKHBAR  
in Arabic 9 Feb 90 p 6

[By Fatin 'Abd-al-Razzaq]

[Text] At the conclusion of its meetings yesterday, the Egyptian-Hungarian businessmen's council decided to set up a joint company for land transportation to connect

Egypt with Europe via Jordan, Syria, Turkey, and Hungary. The company's goal is to operate 1,500 refrigerator trucks to transport Egyptian products, particularly foodstuffs, to Arab and European markets. This was stated by 'Abd-al-'Aziz 'Abd-al-Ghani, head of the Egyptian side.

He said that the Hungarian side has agreed to contribute to manufacturing electrical transformers and to cooperate in land reclamation projects and in the production of automobile parts, improved seeds, and water pumps. He added that the Egyptian side has decided to participate in the Budapest International Agricultural Fair, scheduled to be held between 15 and 20 October 1990, in which 70 countries will take part.

### **Asyut Islamicist Discusses Communism, 'Jewish Thought'**

90OA0271B Cairo AL-NUR in Arabic 17 Jan 90 p 5

[Article: "Welcome to Professor 'Abd-al-Mun'im Fu'ad Mahmud, assistant professor of dogmatics and philosophy in the Asyut Faculty of Theology"]

[Text] ('Abd-al-Mun'im Fu'ad Mahmud was born in the village of al-Sulayman, Abu Tisht district, Qina Governorate. He entered al-Azhar's al-Sulayman Primary School, and he memorized the Koran at the age of 10. Then he entered the Farshut Religious Institute and obtained the preparatory and high school diplomas. He entered the Faculty of Theology and obtained the bachelor's degree with honors. He was appointed teaching assistant in the faculty's department of dogmatics and philosophy. Then he obtained the advanced studies diploma and the master's degree with honors. He was appointed assistant professor in the department and is now preparing his doctoral dissertation on "The Problem of Interpretation in Shi'i and Sunni Thought: A Study and Criticism.")

The destruction of communism is something that the authors of communism have previously predicted. Yes, communism was an economic school in its beginning, and we would have liked not to get into a fight with it. But as soon as Marx turned his attention to religions and said, "There is no God, and life is matter; religions are only a human creation; religion is the opiate of the masses," we had to oppose this atheism because it conflicts with human nature. A human being without religion is like a body without a garment: all its private parts are visible. Would any reasonable mind approve of that?

Darwin's theory is another faded theory. Like communism, Masonry, secularism, etc., it is a child of Jewish thought and should not be taught in our Islamic country. America and Britain now prohibit its teaching because of its weakness.

And we try to study it! Why? As for Freud, he wanted to implement Darwin's plot against our Islamic society, as indicated when he said, "My mind will not rest nor my eye close until I see humanity return to its origin"—i.e.,

to its ancestor the ape. He meant that women should go out with their genitals uncovered like apes. The lewdness we see in our streets is merely an immediate translation of this proposition and of this sinful plot.

Yes, the issue of mixing [the sexes] in the Egyptian universities, except al-Azhar University, may God preserve it, is a very saddening problem. From the religious standpoint, such mixing is to be rejected. Without doubt, it is one of the legacies of colonialism, which worked hard and long to destroy our belief. As soon as you enter one of our universities, you will see lewdness, dissoluteness, and depravity such as no eye has ever seen. If we desire the welfare of young people, let those responsible for youth make separating the sexes in universities their greatest concern in these times.

The problems of young people now are many and varied, perhaps innumerable. But what everyone, great and small alike, must know is that young people are in desperate need for a model from people in authority, before they need words. The Messenger of Islam, Muhammad (may God bless him and grant him peace), used to act more than speak. The example at home, at work, in the market, or in the street is required above all. It is not right for me to say that production is required, while I am a nonproducer. Nor is it right for me to tell young people to be thrifty, while I am the greatest spendthrift. First the example, and then, God willing, we shall reap the fruit from our young people.

Our country will progress, God willing—but when? If, with God's help, we return to His Book and to following His Sunnah, then, as soon as we return to the fold of Islam again—not communism, not secularism, and not any of these other things—we shall see our country by God's grace more progressive, more advanced, and greater than we imagined; for progress, advancement, prosperity, and civilization take place only in the shadow of following God's Book and imitating the Sunnah of our Prophet Muhammad, may God bless him and grant him peace.

Thank you, and may God reward you.

On our behalf, and on behalf of the Muslims and Islam, may He give you the best of rewards.

#### **Studies Detail Statistics, Effects of Population Growth**

90OA0234A *Cairo AL-SHA'B in Arabic* 2 Jan 90 p 3

[Article by 'Abd-al-Fattah Fayid]

[Text] This report is sharply worded for Egypt's sake. We write it—as we peer at the horizons of the 1990s—in a single language devoid of elastic and stylistic expressions, namely the language of numbers and information derived from official and international reports and studies.

We sound the alarm loudly...defuse this time bomb before...at the same time, we stress the existence of other factors that call for optimism, despite the pessimism of the experts. It is not farfetched that the winds of change will spread to uproot the policies that led this glorious city to resemble a disaster. The problem, in our view, stems from the policies that caused this decline. If these policies are changed, the problems will disappear or lessen in severity, God willing.

#### **The Reports Warn**

Cairo's population in 2000, only 10 years from now, will be between 16 and 18 million. Utilities and services are insufficient for half the current population, and pollution and noise rates are grades above the allowed international levels necessary to maintain human sanity. In addition, a very high crime rate threatens to exacerbate these circumstances to the point of destroying society's morals.

The result: the transformation of the human being of Cairo into a living skeleton. Pollution has deprived him of his health, noise has caused him to lose his mental balance, and housing problems have bereaved him of his mind and sanity. He has become incapable of living, let alone working and producing.

#### **The Population Explosion**

The numbers say that Cairo's current population is about 11 million, and that the average annual population increase in Cairo is 350,000, which is the population of some large Egyptian cities, such as Tanta and al-Mahallah al-Kubra.

According to the numbers, Cairo's population is in no case less than 20 percent of the republic's entire population. The average population increase in Cairo totals about 3.3 percent, of which only 1.8 percent is the result of natural increase, and 1.52 percent is attributed to migration from other governorates.

In the latest study on Cairo's problems and ways to cope with them, which was prepared by the national specialized councils, it is established that greater Cairo comprises 3,600 sq km (about 840,000 feddans), of which the populated area constitutes 92 percent. These numbers reflect the basic problem confronting Cairo's citizens, namely high population density.

There are currently 30.78 sq meters per person in the capital, which is a very small area compared to crowded cities such as Paris or Moscow, where the area per person is no less than 200 sq meters. The population density in some quarters of Cairo, such as Bab al-Shi'riyah, has reached 100,255 persons per sq km according to the 1976 census, which is four times the appropriate density level.

Similarly, a report prepared by experts of the General Urban Planning Organization warns that, according to the population distribution strategy underscored by a

national urban development policy study, the district of greater Cairo will include about 16.5 million persons in the year 2000.

This equals one quarter of Egypt's population, which will total about 67.5 million persons in 2000. If Cairo is currently threatened with an explosion, what will happen if what the report warns occurs?!

These studies and reports attribute this explosion to an increase in internal migration from the countryside to Cairo, in addition to a daily influx into Cairo of three million persons, who are a sudden burden that cannot be sustained by the public water and sewerage, transport, and communications utilities. The result is choking crowdedness, murderous noise, destructive pollution, severe food and clothing distribution crises, and terrible traffic and transportation bottlenecks. The Cairene has no recourse but to withdraw within himself. Perhaps the most dangerous phenomena produced by this situation are the negative attitudes, isolation, living in cemeteries, and increased crime rate, which have come to cleave to the Cairene.

#### **Four-Percent Annual Increase in Cairo's Populated Area**

According to a report by urban planning experts, the second direct cause of this explosive population situation is the cancerous growth of unplanned residential areas around Cairo. Perhaps the most serious figure in this connection is the four-percent annual increase in Cairo's inhabited area since 1977. Eighty percent of current urban growth in Cairo stems from this unplanned construction growth, wherein lies the real danger, in addition to the fact that these new areas have grown up like a foundling child, with no utilities or services at all.

Dr. Milad Hanna, a prominent housing expert and professor of engineering at 'Ayn Shams University, warns that Cairo in 2000 will swallow all of the new cities. If the cancerous expansion continues at the current frightening rate without planning, Cairo will expand to the point of coming into contact with the 10th of Ramadan and the 6th of October, and swallowing the cities of 15th of May, al-'Ubur, Badr, and al-Amal.

Experts describe Cairo as Egypt's primary ailment. Economically, it can be blamed for a large share of Egypt's debts. This share stems specifically from the construction of utilities for Cairo.

The loans obtained to establish these utilities systems entailed foreign dependency for us. Nonetheless, they are inadequate for Cairo's population owing to the above-mentioned high population density and high volume of construction.

An expert involved in planning and construction studies stresses, in his conceptualization of Cairo, that the seriousness of the problems will increase, bridge construction will continue, yelling about the traffic crisis will

not suffice, and Cairo will expand further. Let us permit the numbers to speak for themselves:

The number of cars in Cairo in 1990 totalled about 668,635. In 2000, it will total 1.3 million private cars. The different vehicles of the Public Transportation Organization currently transport about 4.5 million passengers daily, including 1 million who stand for lack of seats. The movement of passengers is effected on 439 lines using 497 transportation units, including busses, minibuses, streetcars, and river buses.

The subway system carries more than 300,000 passengers daily, 260,000 passengers more than its planned daily capacity of only 40,000 passengers.

What will happen after the expansions and population increases expected during the next decade and stressed by experts, inevitability occur?

#### **Three-quarter of a Million Peddlers**

Do not become alarmed. This figure is nothing compared to other figures ascribed to Cairo. The statistics indicate that more than 750,000 peddlers currently occupy the sidewalks, streets, and squares of the capital, threatening to disrupt traffic and posing other health complications. Cairo is an incubator for the hatching of dangerous discharges and new epidemics, which threaten not only Cairo, but all of Egypt.

A tragic result of this explosion is pollution. The rate of pollution, especially in the center of Cairo, is double the world level.

Studies and measurements indicate that greater Cairo currently receives 2.7 million tons of dirt and 2.1 million tons of poisonous carbon monoxide, and that 50 percent of the cars in Cairo produce gases and pollutants at more than double the percentages allowed internationally. The research team confirmed that a light blue cloud has appeared in Cairo's skies as a result of this pollution, which has affected visibility, and exposed citizens to throat congestion, tearing, and increased headaches—symptoms that are expected to increase as air pollution increases.

In addition, noise pollution levels exceed every danger level. Research studies and reports emphasize that about 30 percent of Cairo's current population is threatened with hearing loss.

While the permitted noise level is between 50 and 60 decibels, the noise level in Cairo's quietest neighborhoods is no less than 80 decibels, and 100 decibels in some of them, such as Ramsis and al-Is'af.

Also, one study emphasized that 1.25 million tons of cement dust annually falls on the heads of Cairo residents and enters the windows of their houses because filters are not used by cement plants. If this is just a sample of what can happen in the 1990s, experts and researchers stress that the situation can be improved in



the 1980s if the government adopts some of the studies for salvaging the situation presented by Egypt's international research centers.

Dr. Hamdi al-Sayyid, a distinguished member of the People's Assembly who is concerned about pollution, stressed that pollution estimate equipment, located at the Mineral Studies Institute in al-Tabin, recently took air pollution readings in the Hulwan and al-Tabin regions. After 24 hours, the paper used by the instruments to absorb the air was removed and it came out completely black. The system through which the air entered is typically porous. A segment out of the one thousand millimeters, is twice the human lung system.

The representative [Dr. al-Sayyid] raised this paper at a People's Assembly session last Saturday saying that Cairenes in this region breathe this same dust every day.

Moreover he said that we have cried out about the transport of cement factories which drop 20 million tons of cement on us everyday. They have said that the transportation requires 30 million pounds of funding.

Then he commented on that, saying the cement sector's losses are estimated at about 200 million pounds!! What is the value of this figure next to the thousand or millions of Cairo's victims?

#### Million Pound-Meter of Water

Dr. Hamdi al-Sayyid pointed out the thousand homes throw their garbage in the streams flowing into the Nile river itself. He also emphasized that all of the water purification methods cannot remove the toxins because they need chemical processes which make the cost of one cubic meter around a million pounds, which no nation in the world can do.

Furthermore, he said that we have laws to protect the environment which have big obstacles, but we did not listen to the chairman of the factory administration assembly who was thrown in jail because he did not apply the environmental protection regulations. In this respect, he pointed out what the prime minister mentioned recently about there being 30 factories which throw their waste in the Nile river...and this [the regulations] will begin to reduce this waste gradually!

Greater Cairo is recording—with its current situation and without any expected increases—crime figures from all of Egypt's governorates. Even crimes which occur in desert areas.

Occurrences of forceful theft or highway robbery are higher in Cairo than anywhere else. Indeed, the awful population increase has contributed to this. The migration of large numbers of unemployed and those looking for jobs in Cairo and the difficulty of obtaining commodities is a phenomenon which many psychologists have attributed to the sense of insecurity which citizens feel. Moreover, they have warned of its further growth in the near term.

Crime figures for car theft, for only the first 10 months of 1988, have reached 874 cases, which is a very high rate. It is worth pointing out here that experts warn of increases in rape, spouse, and father killings and other phenomena, which will harm the Cairene citizen in the upcoming years if suitable steps are not taken to solve all of Cairo's problems.

Thus, Cairo's transformation is the "AIDS" of the 1990s which threatens the total destruction of Egypt's body. The government has not turned away from its policies which have led a proud Cairo and its people to this gloomy picture. There are scientific solutions concerning extracting Cairo from this ordeal. Well-qualified Egyptian scientists have worked on the situation. However, the disaster which they warn of is already happening!

#### Journalist Views Israel's Role in Eastern Europe

NC0502100290 Cairo Domestic Service  
in Arabic 0520 GMT 5 Feb 90

[From the "Listeners' Questions" program]

[Text] Listener Mahmud 'Abdallah from Cairo has asked us to explain the dimensions of Israeli activities in the Eastern European arena in light of recent developments.

Here is AL-JUMHURIYAH Editor-in-Chief Mahfuz al-Ansari to respond to this request:

[Begin recording] Of course, the first lesson which we should learn and never forget is that we should not deal with such matters on an emotional basis. We cannot just get angry at those in Eastern Europe who restore ties with Israel. We have to understand that every country plans its policies according to its needs and interests. We can exert pressure, we can express our opinion, and we ask the countries concerned to make sure that such a move would improve the prospects of peace. Dialogue must continue.

Israel is like a middleman. It is always on the lookout for some role to play or some deal to make. For example, Israel used to tell the United States: I am the big stick in this part of the world. I can exercise discipline here and strike there and keep matters going in harmony with Western interests.

Now, Israel is trying to look for another deal with the West. It says: I am the middleman of the Jews living in that region. I can keep in touch with the Jews living in Eastern Europe and I can promote Western interests in the rapidly changing scene in Eastern Europe.

Meanwhile, Israel says to Eastern Europe: I can become the middleman for the much-needed Western technology. I can bring you this technology from the West.

Such Israeli activities are nothing new. Israel has played this role in Africa and is now playing it in Eastern Europe. This is the same tactic it used in the past with the United Kingdom, France, and the United States. This is Israel's principal tactic. We should not expect it

to disappear from the thinking of Israel's current rulers unless all their concepts change and they opt for a genuine peace and for the return of rights to their true owners. When this day comes and everyone lives together in peace and cooperation, the middleman mentality will disappear, or at least take another form.

Therefore, I have to say that so long as Israel is on the lookout for new deals to make and roles to play, the Arabs should not slow down their political exchanges. Political moves should be made in a concerted and integrated manner. The Arabs should coordinate their efforts, for their influence would be greater if they acted collectively. I believe that the Arab countries, if they act together, can have a positive influence in any part of the world. However, if these countries act individually, their influence would be weak. We live in a world of big groups and the Arabs should act as one group and speak with one voice, for that would enable them to confront Israeli maneuvers and middleman tactics. [end recording]

## ISRAEL

### New Data on Regional Balance of Forces

44230078B Tel Aviv HA'ARETZ  
in Hebrew 21 Dec 89 p 2

[Article by military correspondent Dan Saguir]

[Text] Contrary to Syrian claims of cuts in their 1988 defense budget, Syria has in fact intensified its military purchasing, strengthened air defense, and intensified attack training. This was stated by the authors of the book "The Military Balance of Power in the Middle East" for 1988 and the first half of 1989, published by the Yafe Center for Strategic Studies of Tel Aviv University.

During the period in question, the Syrians received and began assimilating 20 Mig-29 airplanes—out of an 80-aircraft deal—and a smaller number of fighter planes, and the sophisticated bomber Sukhoi-24 out of a deal involving 48 Soviet airplanes. That combat equipment, in addition to a new armored division (bringing the total number to 10 divisions) give Syria, according to the head of the Yafe Institute, Major General (Reserve) Aharon Yariv, the option of independently attacking the IDF [Israel Defense Force] in the Golan Heights in 1990. The decision whether to implement this option depends, according to Yafe, on political intentions.

Yariv said that the Soviet Ambassador's statement in Damascus (in mid-November 1989) to the effect that Syria must abandon its endeavors to achieve strategic parity with Israel and concentrate instead on defending its territory, and that the Soviet Union will in the future weigh Syria's capability to pay for weapons received, reflects the new Soviet policy in the Middle East. In his

view, the ambassador retracted his statement and apologized in the wake of Syrian protests mostly out of politeness, which does not detract from the importance of his initial statement.

Concerning Iraq's military intensification, Colonel (Reserve) Dr Ze'ev Eytan said that Iraq is ambitiously striving to consolidate its position as a regional power, for which purpose it is acting in several parallel directions, such as investing heavily in conventional arms, developing chemical means of warfare, developing long-range ground-to-ground missiles, and endeavoring to acquire nuclear energy.

In the chapter on major strategic developments in the area, Major General (Reserve) Shlomo Gazit, the author of the study, wrote: "While in the past the Iraqi forces were viewed as lacking in combat experience...the Iraqi Army of the 1990's may be a totally different kind of enemy...and pose a serious challenge to any future foe. According to conservative estimates, Iraq is about 5 to 10 years from (the development) of nuclear weapons. Iraqi success in that area, combined with its technological advances in the area of missiles, may add a new dimension to regional threats."

In parallel to the military intensification of the Arab countries, the authors of the study point out that during the same period Israel's military strength increased by 60,000 reserve troops, which brings the IDF's general mobilization capability to 600,000 troops. During this period the IDF built five independent infantry brigades, bringing the total number of such brigades to 25.

There has basically been no change in the number of IDF tanks (1,210), but 170 older tanks were replaced with modern ones. The number of Israeli fighter planes fell by about 50, from 682 to 635; these figures include about 90 airplanes in storage. The number of Navy missile boats dropped by two, from 26 to 24.

In the chapter on the intifadah in the territories, Brigadier General Arye Shelo wrote that no relation was found between the number of houses demolished and that of violent incidents recorded or the number of Israeli casualties in the following month. As for deportations, Shelo stated that they led to an increase in the number of violent incidents, something that casts doubt on their deterrent value. According to him, closing down schools in the 1988-89 period also did not have an impact on the scope of the uprising in the territories.

### Yosi Peled Moves Toward Chief of Staff Post

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in Hebrew 15 Dec 89 pp 6-8, 10

[Article by 'Emanu'el Rozen]

[Text] Northern Regional Commander Yosi Peled wants to be chief of staff. The first salvos have already been fired at his major rivals: Major Generals Ehud Barak and

Amnon Shahaq. People "familiar" with Peled, a hard-hitting armored corps soldier, claim that Baraq and Shahaq "are excelling at philosophizing and demagoguery," while Yosi, on the other hand, "has paid his dues" in the field. Peled is described in the general staff as a nonstrategist: a good manager, but not the commander of an army. He is greatly preoccupied with discipline and dismissals. His officers fear him, and he does not get along with those who disagree with him. He also criticizes the chief of staff. In general, even those close to Peled acknowledge that "Yosi does not balance self-criticism with criticism of others."

Major General Yosi Peled wants to be the next chief of staff of the IDF [Israel Defense Force].

According to his plan, details of which his confidants are at pains to leak to all requestors, two possible scenarios exist. One is for Peled to finish his tour as northern regional commander within several months and to be appointed as deputy chief of staff instead of Ehud Baraq, who is going on leave. The second is for Peled to stay another year in the north. In both cases, the happy ending is a triangular contest against Ehud Baraq and Amnon Shahaq, and victory at the finish line before the astonished eyes of anyone who would not believe such a possibility.

In the general staff, incidentally, there are no believers.

Regarding the question, "Yosi Peled, chief of staff?" those close to Peled have different responses for different questioners. One response—cautious and intentionally anemic—attributes the relative quiet on the northern border to his merit and personal success as a strong regional commander, adding, incidentally, that too much time has elapsed in the IDF since the appointment of a chief of staff from the most important command, the northern command (Rafael was the last), or from the most important corps, the armored corps (Dadu [David El'azar] was the last, and he was followed by four paratroopers).

The second response, in steely [Peled—steel], harsh language, without tact or shame. Peled's close associates will say, with froth on their lips, that Ehud Baraq and Amnon Shahaq excel at talking, philosophizing, and demagoguery; they are intellectuals who know the names of military thinkers by heart, but nothing is behind their talk. Someone close to Peled states that "one of our disasters is that a culture of talk has developed without dues-paying. Yosi does not know how to talk 'strategically,' but he has paid his dues." One confidant states that "Amnon Shahaq and Ehud Baraq followed golden paths (jobniks [one who pursues good deals or manages to get along nicely] as it were) in red berets, contributing nothing to building the IDF's power."

This is essentially the entire matter. Yosi Peled, ladies and gentlemen, is going out to fight against the pampered children of the general staff. Several years ago, in a party for major generals, someone heard him whispering to his wife: "We defeated them, we defeated them." He meant

Ehud Baraq. This was 2 days after Yitzhaq Rabin decided in favor of Peled in the great struggle between Peled and Baraq for the northern command. In Peled's view, this was, and still is, the war of the perspiring menial laborer for the status of an aristocratic dignitary.

Ehud Baraq and Amnon Shahaq, as well as 'Uri Sagi', who is also like them, are red capes in the eyes of Peled the sweating bull. One need only mention their names to elicit harsh words of denigration for them. In the north, one hears systematic criticism of Ehud Baraq, whom almost everyone views as a sure candidate to be the next chief of staff. The disparaging nickname "flashlight" was created in the north and circulated from there. Great pleasure has also been derived from bashing the "teflon general." Peled is indeed very sensitive to personal insults, but this sensitivity is usually confined to matters pertaining to himself.

Peled's awful relations with another major general almost led to an official ban by the northern command on the large command that he heads. Intervention from above was needed so that work could continue as required.

When Peled and his confidants want to make a stinging remark against the Baraq-Shahaq-Sagi' group in the general staff, they call them the "thinking generals," in a tone somewhat reminiscent of David Levy's "professor" in reference to Moshe Arens. Alternative expressions might be "the strategists" or "the wisdomologists." From Peled's standpoint, this is a direct response to his image in the general staff, where the prevailing view characterizes him as a nonstrategist—a good manager but not the commander of an army, and a "maniac" for important, but not the most important, subjects, such as discipline and relations with northern residents and settlements. He is also described as one who generally manages less—much less—well with military subject matter because of its depth. When there was once talk of a "lackluster general staff," the intent was major generals such as Yosi Peled, who are not among the most outstanding major generals of the current generation.

Peled is also not among the officers destined from youth for greatness. Many, including Peled, were surprised when he received the prestigious northern command. Upon assuming the command, he assembled his staff officers in the briefing room and told them: "Never did I think that I would head the northern command." One officer later said that he was overwhelmed by this expression and was unable to fall asleep that night.

Yosi Peled was born in Belgium. When the Nazis invaded, his mother handed him over to a Christian family, which received a considerable sum. His parents were taken to concentration camps, and his father did not return. For 6 years, he grew up as Jafka Mandelovich, a Christian for all intents and purposes, until his mother returned from the concentration camp and immigrated with him to Israel. He grew up in Kibbutz Negba under the auspices of Youth 'Aliya [immigration] until his

induction into the Army. Prickly sabras [native-born Israelis] bullied him. One morning, to protest his weak status among them, he burned down part of the school and moved to live in a tree on the outskirts of the kibbutz. "Everyone is against me," was already the theme song of his life.

It is also currently said that Peled "feels that speculation is always being stirred up against him, and that he is not being told all the facts. He is developing around him a system of suspicions and suspiciousness, and he has become, perhaps unknowingly, a part of this system."

At 48, Peled has a combat service record that is difficult to dispute. He has more hours under fire as a commander than most major generals on the general staff, and miraculously, he has had no failures. In the 6-Day War, he fought as a company commander in an armored infantry corps battalion of the 7th Brigade. In the Yom Kippur War, he commanded an armored brigade in the southern Golan Heights. In the Lebanon War, he was the deputy commander of the National Security College, and as a brigadier general, he commanded an improvised regimental force that fought in the eastern sector.

Each war added heavy guns to his "list of references." Even his strongest critics do not dispute his courage and excellence under fire. In the 6-Day War, Major General Yisra'el Tal saw him and was impressed. After the Yom Kippur War, Musa Peled said that Yosi Peled is among the IDF's best field commanders. After the Lebanon War, he received many praises from Yanush Ben-Gal, and some said that his battle was almost the only success in that wretched war.

Slight differences of opinion exist here and there as well. Avi Valentin of HA'ARETZ recently published a report that questions Peled's judgement when, in the Yom Kippur War, he stubbornly held onto a certain hill lacking special importance in the southern Golan Heights at the cost of heavy losses. Some claim that, in his stubbornness, which stemmed from an unsuccessful decision by group commander Musa Peled, Yosi erred in reading the battlefield, and he demonstrated insensitivity for human life. There is also a difference of opinion regarding the battle in the Lebanon War, insofar as, alongside praise for Peled, there are reservations, mainly regarding his strategic vision.

Peled's nearly 4 years in the northern command can also be considered a success, and he is playing this card in his current struggle for his next post. The mission to defend the northern settlements has been completely achieved. True, the "night of the gliders [terrorist attack]" exacted a heavy toll in soldiers killed, but no civilians were injured. This is a major chord, which the defense minister likes to play whenever he mocks colleagues in the government about the war that they waged in Lebanon.

Usually, success has many sources, but in this case, Peled takes almost all the credit, leaving his officers in the shadow, mainly because of the media. He has antagonistic relations with major generals in the general staff. It

is claimed in the northern command that "those from Tel Aviv do not know what is happening here in the north."

However, there is some exaggeration, at least regarding what is said about successes on the northern border. The Lebanese border receives more than any other corresponding sector in the Army from the general staff and the security budget. The best senior officers in regular units—only regular units—are sent there, and a lot of money is invested there to establish the most sophisticated electronic means in the world. The reverse in operational activity penetrating across the border could not have been possible if commanders of the caliber of Brigadier General (now Major General) Yoram Ya'ir (Ya-Ya), or Brigadier General N., who replaced him, had not been sent to the northern border. It is said in the IDF that failure under such splendid conditions would be inconceivable. Success is self-understood, and it could be said to Peled's credit that he is not spoiling it....

Other good things were also done in the northern command in the past 4 years: The South Lebanon Army has become a decent fighting force; the Golan Heights is defended in an unprecedented manner in case of war with Syria; and the northern command has become a symbol of an ordered, disciplined army, having tended to berets, open buttons, and tomatoes thrown into the garbage. The chief of staff sent his visitors to the north to see the shake-up that he promised. Lieutenant General Shomron mentioned this once, and Peled, out of pride, has not stopped quoting him.

He remembers everything said about him, especially everything written and broadcast. The media has pampered Yosi Peled in his 4 years in the northern command as it did no other officer. Journalists like him, and he likes them. He feels comfortable, and is even pleasant in their company, flirting, gossiping, and willing to drink a beer with them.

The journalists return the love. The file of reports in the archive explodes with praise. You will find almost no word of criticism there. When a truck overturned in the Golan heights, and the lives of the soldiers were spared because they were wearing their helmets, journalists reported that Peled's order [to wear helmets] saved lives. Incidentally, the order was issued by the chief of staff, but no one indicated this. On the night of the gliders, everyone was faulted: The chief of staff, the Air Force commander, the chief of AMAN [Bureau of Military Intelligence], the group commander, the brigade commander, and the regimental police. Peled, because of the media's rare benevolence, emerged clean.

Among his staff officers, the command's spokesman merits excessive importance and much of "the major general's time." Peled is personally involved in wording statements to the media, and he sees to it that there are many such statements. One staff officer relates that when a terrorist cell is successfully liquidated on the fence, one of Yosi's first actions is to inform his office chief to alert

Moti 'Eden from the television network. Moti even has a code name on the command's communications network.

Peled is one of the few general staff officers who recognizes the power of the media as part of the nonuniform, civilian world. He generally feels close to civilian life, and many of his friends are civilians. For example, he frequently spends time at the "Olympia" restaurant, which is owned by one of them.

Peled also cultivates close relations with northern settlements. Since the time of David El'azar, of blessed memory, there has not been a major general in the command who could be called "the major general of the north," not just northern regional commander. Lectures and visits at the settlements are no less regular than visits to exercises and unit trainings. In the north, they love the major general who loves them, and this lobby extends from the right in the development towns to the left in the area's kibbutzim.

"The problem with Yosi Peled," states a senior officer, "is that he does not distinguish between the important and trivial. An inspection by him of a position in the security strip can end with a discussion about cigarette butts on the floor. He is capable of cancelling the summation of a large exercise because the commander of the exercise, a brigadier general, arrived with an open button. Once, when his turn came to speak in a discussion to sum up a large exercise, in which almost all major generals of the general staff participated, he preferred to focus on the arrival of an officer in a nonstandard parka."

Shortly after assuming his position in the command, he sentenced a paratrooper who was not wearing his beret to 21 days of confinement. The paratrooper's father created a sensation, engaging journalists and Knesset members, and prodding public opinion as well as the opinion of then chief of staff Moshe Levi. A year later, Peled dismissed a lieutenant colonel who arrived at a meeting at the command with an untidy appearance. This time too, chief of staff Dan Shomron did not back Peled, and the lieutenant colonel was reinstated.

Since then, much time has elapsed, and no one is counting the officers who were dismissed or confined by Peled for these or other violations of discipline. Peled persists in being the national "dismitter," and he is not deterred by the unpopular comparison to a military police officer. His dismissals are usually justified. However, on several occasions, the chief of staff said that, in his view, Peled had gone too far. Once, in a free conversation with company commanders in a northern armored battalion, a commander said that, because of a serious fuel shortage in the battalion, he had to procure "civilian" fuel so that he and his jeep could reach all of his units in the field. Peled heard the officer and ordered his confinement.

The commander's spirit permeates every corner of the northern command. Peled is stubborn about the Army's fundamental values. In this respect, he is almost the last

of the "Gorodishes" [Israel's "Patton"]. Discipline and order are primary values in his view. His untiring war against accidents has reduced their number significantly in the command. His staff officers are sent on missions to "fish for mistakes." They return with reports of a machinegun with an unoiled barrel or unkempt soldiers. When Peled becomes angry over violations of discipline, he is capable of humiliating even a brigadier general in front of clerks, drivers, and soldiers.

Among many IDF officers, the prevalent feeling is that Peled overdoes his "insistence" on a single matter, which, with all of its importance, is less important than other matters. On the other hand, they believe that he sometimes demonstrates "disinterest" when they discuss other matters with him. One of them says: "Yosi has transformed the means of discipline into an end in itself. He is really crazy about this one thing."

Peled's enthusiasm suffers a dreadful come-down when he engages in other, more profound army topics. Those close to him say that he is no less a strategist than other major generals of the general staff. If this is correct, Peled has managed to conceal it from others. Some maintain that he does not exert himself in in-depth discussions in the IDF that deal with the Army. As a central major general in the general staff, he also has made conspicuously few appearances before the cabinet and the government.

His critics state that his habitual preoccupation with discipline, work procedures, and civilian aspects of the Army is a result of a desire to shun other topics in which he is not strong. Peled feels better in the company of a simple soldier than at the side of a battalion or a group commander. One of his most difficult experiences as northern commander occurred shortly after he assumed his position, at an assembly of the Golani Brigade in Caesarea. When he arose to address the soldiers, he was received with catcalls, and the soldiers of the "brigade of the state" also began to call out the name of his predecessor: "Uri Or, deserves to be restored."

The Golani soldiers did not like the new, harsh commander who sends people to the brig because of a beret. Peled, for whom the love of the soldiers is the love of his life, was deeply hurt. On that same day, he began to cultivate the Golani Brigade with a demonstrated preference for it over other units. Inspections of the brigade's positions centered on Peled's questions about the hot water situation and the caliber of cooking in the mess. Complaints were answered immediately with an on-the-spot promise of a remedy for the situation. The catcalls did not return in subsequent brigade assemblies.

Peled continued to be harsh, bad-tempered, and impatient toward commanders and officers, especially his officers. At least two group commanders, who are well-known senior officers, had difficult experiences with him. Peled had all sorts of methods. For example, at the height of a professional confrontation with a group commander, he would send to the group's camp a

command criticism disclosing failure to comply with procedures on the part of the regimental police. "Such a disclosure," relates a staff officer, "would end the debate."

Incidentally, Peled acknowledges that he is a hard man who finds it difficult to be nice toward those who appear to have failed in their duty. He shows his anger toward them. Last year, military correspondents were hosted by an IDF group in the Golan Heights. The group commander presented a grave forecast about the possibility of a war with Syria. Several hours later, Peled arrived to talk with them, a steel helmet in his hand. "After what the commander told you, I understand that we must now all go down into the shelters," he told us.

When Peled decides to go after an officer, he does not give up. A few years ago, a brigade commander whose units had many failures and casualties served in his section. When the brigade commander completed his service, Peled's office chief wrote a letter with wide distribution to the chief of staff and to other major generals, informing them that the major general thought that the officer should be dismissed. Yosi, incidentally, did not take the trouble to speak with the man, a colonel, before he ordered his office chief to send the harsh letter.

On the other hand, Peled is willing to go to extremes for friends, even at the cost of damaging his good name. One of his former staff officers was, and still is, a real friend. The fact that the man is not accepted by most of the officers' cadre is an underestimation. Peled did not give up the open friendship, even though, behind his back, he knows that they are saying: "Tell me who your friends are...." When the officer completed his duty in the north, Peled sent a letter to the chief of staff, in which he described the officer as one of the best in the IDF, and he recommended his promotion. No one, except these two, took the letter seriously.

In one instance, he wrote the chief of staff, recommending the promotion to colonel of another friend, Shim'on Hefetz, the military secretary of the defense minister. Hefetz does not serve in the northern command, but he is a friend. There are major generals who would transmit such a request to the chief of staff orally or on an unofficial slip of paper. Peled did this officially, in writing. Friendship above all.

Peled's staff officers say that he relies only on himself and his friends. He is very focussed, using a hammer to hit the heads of those who disagree with him. In staff meetings, he asks officers to report, not to give an opinion or suggest new ideas. Some of them really fear him. One of his closest confidants explains that "it is difficult for Yosi to get along with those who disagree with him. He has no self-criticism. It is hard for him to say 'I erred,' and he does not balance self-criticism with criticism of others."

Chiefs of staff are also objects of his sharp criticism. As a young brigadier general, he did not shy from criticizing Rafal, just as he criticizes Lieutenant General Dan

Shomron at present, including in forums involving more than just the two of them. The chief of staff's statements about the shake-up in the north were a compliment that Shomron has not bestowed on any other major general. However, other considerations have come into play and affected relations between the two. Peled, for example, did not forget the chief of staff's statement to the effect that combatants are forbidden to cry, which he made only 24 hours after Peled, in the media's presence and sitting next to Shomron, had said exactly the opposite after the incident in which two paratroopers were killed. In Peled's conceptual world, this was a real stab in the back.

The chief of staff, on the other hand, did not like the way in which journalists have caressed Peled in the media. An article on the "shake-up in the north" which attributed everything to one man, Yosi Peled, angered him. The chief of staff's office chief has since spoken openly of leaks from the command and a lack of appreciation on the part of the major general. There were also professional arguments ("a feeling that the chief of staff is constraining the major general").

The chief of staff listened to the voices, but did nothing. In the last 2 months, matters have calmed down, and relations have improved. Peled, after receiving signals that he had perhaps gone too far, is playing the good boy. He is more cautious in his statements, hastening to report everything to the chief of staff, and requesting permission for everything. In general staff discussions, his reports are the most detailed and organized.

However, regarding any possibility of his advancement on the general staff ladder, Peled knows that his salvation will come from neither the general staff nor the chief of staff. His good friends sit on the other side of the general staff building, in the office of the defense minister. Excellent relations prevail between Peled and Rabin and his people. When Peled assumed his post, the South Lebanon Army and the security strip were in need of improvement, and the entire conception that the defense minister had built after the withdrawal from Lebanon had weakened. One could have thrown up one's arms and shouted "help," as someone in the Army actually did. Peled was not deterred. The security area was rehabilitated and beefed up, for which Rabin has not forgotten Peled.

Peled, for his part, is indebted to Rabin for his appointment. The previous chief of staff, Moshe Levi, recommended Peled for the command, but changed his mind after a short time. He explained to Peled at the time that "his hands were tied," and that he had no alternative but to substitute the name Ehud Baraq. Peled bared his teeth and said to Levi: "If these are the rules of the game, we will see whose hands are tied more securely." He fought for the command, complained to the defense minister, and also activated the minister's people, mainly the military secretary, Brigadier General Hagay Regev, to apply coordinated pressure.

One morning, when he was in the Knesset, Regev reported to Rabin that nothing was effective. Levi, in his error, was insisting that Baraq be in the north. Rabin became furious. "Get him on the telephone for me," he ordered. A minute later, Moshe Levi was on the line. Rabin was brief and decisive: "Yosi Peled," he said to the chief of staff, "will be the commander of the northern command, and you are to inform him of this immediately."

Rabin and Peled first met when Rabin was chief of staff and Peled was a young armored company commander. Peled was courting a female soldier in Rabin's office at the time, Ruti, today Peled's wife. Peled stayed in contact with Rabin even when Rabin was in the political desert. Ruti is a close friend of Le'a Rabin and a regular guest at afternoon tea. Close relations also prevail between Peled and Rabin's people, especially Shim'on Hefetz, Shim'on Sheves, Bentzi Wiener, and, in her day, Niva Lanir as well. When the fiasco of the holiday greeting broadcast by Rabin on Army Radio occurred, Peled was the first to contact the minister's people to report it.

Rabin once said that Yosi Peled is the most acceptable officer to the political system. Peled has indeed declared himself a "shmutznik" [member of "Young Shomer" kibbutz group] in spirit, but this does not prevent him from enjoying the high esteem of Arik Sharon and Yitzhaq Shamir. From Rabin's standpoint, Yosi Peled would be a comfortable chief of staff, but apparently it will not come to that. The defense minister evidently appreciates Peled only to a certain degree.

Not long ago, a contest for one of the most important appointments in the northern command came to an end. When Peled had to make his recommendation, he preferred, to great astonishment, a "lackluster" over a "brilliant" officer. When asked to explain, he said that both are indeed good, but that the "lackluster" one is more deserving, because reward in the Army is based on "busting one's rear." His recommendation was accepted.

As far as Yosi Peled is concerned, this story could certainly be a model for how he would like to see the next IDF chief of staff selected.

#### **Former Intelligence Chief Calls for Security Council**

44000194 Jerusalem THE JERUSALEM POST  
in English 26 Jan 90 p 2

[Column "Order in the House" by Asher Wallfish]

[Text] Likud MK Yehoshu'a Sagu'i has an abiding interest in intelligence matters. That's hardly surprising, since he served as IDF [Israel Defense Force] intelligence chief from 1979 until 1983. The fact that the Kahan commission of enquiry, set up in the middle of the Lebanon War, recommended that he end his military

career, should not disqualify Sagu'i from offering persuasive criticism of a major fault in the integration of the various national intelligence agencies.

Sagu'i, 57, warns Prime Minister Yitzhaq Shamir that the failure of successive governments to appoint a special intelligence adviser or, alternatively, create a national security council, is "a sure-fire recipe for flawed national intelligence assessments."

Such measures were urged by the Agranat enquiry after the Yom Kippur War. Eleven years earlier, they were recommended by one of a number of investigations conducted in the aftermath of the so-called "security mishap" in Egypt, involving an espionage ring of Egyptian Jews organized by IDF intelligence.

"Government after government ignored those recommendations, and premier after premier offered flimsy arguments against the establishment of such a coordinating body," Sagu'i told THE JERUSALEM POST. "Some even advanced the argument that the ministerial security committee was equivalent to a national security council."

Israel has three intelligence agencies. The Mosad, which operates overseas, and the Shin Bet (General Security Service) which operates in Israel and the territories, are directly responsible to the premier. The IDF intelligence branch is responsible to the defence minister.

"There is no obligatory cross-checking procedure among these three for evaluating information or assessments," Sagu'i claims. "The Mosad and the GSS [General Security Service] have a direct pipeline to the premier, through their respective heads, but they have no automatic two-way pipeline with each other. These two agencies are unaware of much of each other's information and evaluation, so they lack the possibility of correcting themselves and each other. They leave that responsibility to the premier, who is much too busy to carry out that function effectively and is not necessarily very qualified for it."

Sagu'i justifies the reluctance of the Mosad and the GSS to transfer their material to each other routinely, for fear of exposing sensitive reports and sources. "I can understand even more their refusal to pass on what they have to the IDF intelligence branch where top-secret papers have a circulation numbering in the scores," he said. "In the old days, moreover, papers with top-secret classifications were numbered so you could keep track of every copy by means of a register. Nowadays, photocopying machines are all over the place."

"IDF intelligence, in contrast to the other two agencies, is obliged to give them its assessments as a matter of course," Sagu'i said. "In any case, you don't expect leaks from the Mosad and the GSS."

"The Mosad and the GSS are empowered to compile assessments and submit them to the premier. They were not authorized to do that in earlier days," Sagu'i noted.



"However, they bear no formal national responsibility for the validity of their assessments, as the IDF intelligence branch does."

"The premier is the only person with a complete perspective of all available assessments. But the briefings he receives do not necessarily reach him according to the chronological sequence of developments. He has no way of knowing whether the events described to him by the head of one agency might have been overtaken on the ground by the events described to him earlier by the head of another agency."

"So it's obvious you need a special official with vast experience, or a small body of full-time national security council members, who can pull the threads together on behalf of the premier and with the premier. Their job would also be to get back to the source-agency if and when they observe major contradictions. True, the premier's military aide has to serve as a security adviser willy-nilly, whether he's qualified or not. But there are cases when the heads of the Mosad and the GSS come to brief the premier and ask the military aide to leave the room."

Sagu'i stressed that politically active persons could not qualify as candidates for appointment to a national security council. Candidates would need to have broad security expertise and perhaps proven academic achievement as well. "I could not be a candidate," he hurried to say. "But I can think of a few officers who grew up in IDF intelligence and then distinguished themselves in the academic sphere."

### Middle East Arms Race Examined

#### Gap in Nonconventional Arms

90OL0237A Tel Aviv BAMAHA  
in Hebrew 24 Jan 90 p 11

[Article by Efi Meltzer]

[Text] "Despite the development that has taken place in the Arab armed forces, the power of each of the Arab states, both quantitatively and qualitatively, still lags behind that of the Israeli military—especially in the realm of air power and the areas of research and development. There is therefore no real possibility of an Arab state starting a war against Israel and winning, even with the limited goal of returning the territories occupied since 1967." That is the conclusion of the Arab Strategic Report for 1988, just published by the "Center for Political and Strategic Studies" in Cairo.

According to the report Syria, "the largest confrontation state," has announced on several occasions that she will not initiate a war against Israel—without Egypt. It follows, say the writers of the report, that the Syrian balance of power is defensive in nature and will not provide an attack capability against Israel or the capability of returning the Golan Heights to Syrian hands. In their estimation if Syria were to be attacked by Israel, she

would be able to inflict heavy losses in return, more than Israel could bear, even if Israel were to register a military accomplishment in the field.

The writers of the report claim the Arab states still lag behind Israel in the area of nonconventional weapons, despite the nuclear programs of some of them, more precisely Egypt, which began in the same timeframe as Israel's. The programs of the Arab states are still only in their initial phase and are focused on building the technological research infrastructure. Egypt's nuclear program is still focused on building the research reactor that was set up in Anshatz, with a capacity of two megawatts. The agreement signed between Egypt and the United States in June 1974, by which Egypt was to receive a 600-megawatt reactor, has not yet been implemented. That contract was updated in 1987 and allows Egypt to purchase nuclear reactors, each with a capacity of 900-1,000 megawatts. This project has not yet been implemented either.

Iraq was the most advanced Arab state in terms of nuclear potential, until the Israeli Air Force destroyed the Iraqi nuclear reactor near Baghdad. Iraq has run into difficulties in obtaining a similar reactor from France because France insists on supplying a reactor that uses bromine fuel, at an enrichment level of 10 percent. Iraq is therefore negotiating with the USSR to purchase a 440 megawatt reactor. The same is true of Libya, which lacks military nuclear potential, despite her efforts in this direction with China, India, and Pakistan.

It could be said, according to the report, that Israel is the only power with nuclear weapons, and it is not expected that the Arab states will intrude on that exclusivity for a long time. The possession of chemical weapons by Arab states will lessen Israel's desire to announce that it possesses this weapon, or to use it. But that does not constitute an adequate response to the Israeli nuclear potential.

One way or another, the possession of chemical weapons by a number of Arab states has forced Israel to consider the possibility of chemical warfare more than in the past. That possibility has increased with Iraq's use of gas against Iranian forces. A survey of military and political experts in Israel, according to the report, shows that chemical warfare and its dangers loom large in the decisionmaking process of the Israeli leadership with regard to any future war against the Arab states. Israel is therefore increasing her efforts at improving defensive measures against chemical warfare.

The report avers that every analysis of the Arab-Israeli military balance of power is based on the assumption that there is a certain type of Arab coalition during war with Israel. Such a coalition, in the opinion of the writers of the Arab Strategic Report for 1988, would have to agree on the goals and objectives of the war, its battlefields, its synchronization, ways of preparing for it, and how to end it. Therefore an Arab front against Israel is not realistic.



The deployment of medium-range missiles by some of the Arab states and the proof of their effectiveness by Iraq in the Gulf war is likely to bring changes in Israel's military concept. Many concepts that Israel has relied upon for a long time, like that of secure borders, moving the war to enemy territory or preemptive attack, have turned out to be of limited value, given the Arab capability to land missile strikes deep inside Israel without the need of a direct clash between the sides, says the report.

The report sums up that with the loss of Israel's quantitative advantage and the reduction of her qualitative superiority in the realm of conventional weapons, Israel is likely to look to other areas to preserve her superiority over the Arab states. The intent, in particular, is to the space arena.

### Israel Losing Air Superiority

90OL0237B Tel Aviv BAMAHA  
in Hebrew 31 Jan 90 p 10

[Article by 'Efi Meltzer]

[Text] There are six components to the qualitative developments in the Arab-Israeli military balance of power:

- The clear increase in the importance of ground-to-ground missiles—during the course of 1988, the importance of these missiles in the Arab-Israeli military power equation was striking. Even though these missiles are not new in the area, from the point of view of their existence or operation, still in 1988 there were missiles of this range, which were indicative of the Israeli-Arab military balance of power. It is well known that the Arabs possess a varied arsenal of ground-to-ground short- and medium-range missiles, which strengthen the Arab defensive capability. The operational characteristics of these missiles and the lack of suitable countermeasures increase the probability of their reaching the target. Therefore the missiles will remain the surest means of reaction to an Israeli strike against concentrated vital Arab installations, especially when considering Israeli sensitivity to civilian losses. Only the introduction of the various types of missiles to Arab service, says the Arab Strategic Report for 1988, can increase the stability of the equilibrium in conventional forces relationships, since both sides are aware of the certain enormous price that any future confrontation would bring.
- The signing of new armaments agreements by some of the Arab states: During the course of 1988 a number of Arab states signed new weapons delivery agreements. Additional weapons agreements were brought to light that may or may not have been signed. The weapons delivery agreements are an indication of a trend in Arab power in the foreseeable future. The signing of the armaments agreements of 1988 shows the main emphasis in the arming of the Arab militaries—in the air arena. This means that most of the

agreements were signed as a result of the developments of the Gulf war and Iran's increasing threats against the Gulf states that lack manpower to establish suitable ground forces. It can be expected, as these air weapons deals come to an end, that the qualitative gap between the Arab and Israeli air forces will diminish, and that Israel will lose the absolute air superiority she has known until now. The total additional weaponry and military equipment that will reach the Arab states, according to the report, will provide a firm basis to their quantitative superiority over Israel, and the qualitative gap in the area of conventional weapons will diminish.

- Arab military cooperation: During the course of 1988 there was a number of clear developments in tightening Arab military cooperation. This cooperation is expressed in the form of joint exercises or maneuvers (for example: the 'Ayn Jalut maneuvers between Egypt and Jordan, in which the two countries' air forces and paratroops participated); in the signing of military cooperation agreements (for example: Egypt and Sudan signed a protocol for military cooperation, including increased exchange of military information and assistance; likewise there were agreements on military cooperation between Egypt and Iraq, and Egypt and Morocco), with the purpose of establishing a joint Arab military industry; and in the phenomenon of inter-Arab weapons shipments (for example: Iraq received Toqano planes from Egypt; Jordan received 90 Chieftain tanks, 60 M-48 tanks, 19 Scorpion tanks, and 35 APC's from Iraq; etc.).

In 1988 a number of agreements were set up for cooperation in the area of military industry. For example: Egypt and the United States signed a memorandum of understanding laying down principles for the exchange of engineers and scientists and cooperation in the areas of research, studies, and manufacturing. Similarly a framework for cooperation was established in the areas of partnership in military manufacture between the United States and Egypt, R & D, and quality control in manufacturing. Furthermore, a technical protocol was signed between them for joint manufacture of the M-1 Abrams tank.

### West Bank, Gaza Notables Queried on Use of Weapons

90OL0219A Tel Aviv BAMAHA  
in Hebrew 17 Jan 90 pp 16-19

[Article by Hayim A. Raviv: "The Live Weapons Option"]

[Text] Despite declarations by sources in the PLO about a continuation of the struggle for liberation in the territories, a slight fatigue is being felt among the Palestinian public in the territories, and is causing alarm, both in the PLO and among the leadership in the territories, regarding a flagging of the intifadah. At the end of two years of the uprising, no one sees real political accomplishments on the horizon and, against this background,

there remains a debate between what could be called the pragmatic school and the radical school within the Palestinian camp as to what actions to take in the future to preserve the intifadah and prevent it from waning.

The pragmatic approach, held by 'Arafat and his supporters in the territories, calls for continuing the present recipe for the intifadah in hopes of creating a political climate that will force concessions from Israel. The radicals, represented by Hamas [Islamic Resistance Movement], are calling for an escalation of the intifadah to the point of using live weapons. This question of the use of live weapons stands at the heart of the debate between the two camps. The Lebanese weekly *AL-YAWM AL-SABI'* asked the following question of people in the territories: Will the intifadah turn to the use of live weapons in the event the political freeze continues? The answers given, according to the newspaper, indicate "mature Palestinian political thinking."

"The intifadah," says Dr. Sari Nusaybah, a lecturer in philosophy at Bi'r Zayt University, "does not have the character of an armed popular revolution. Nevertheless, there have already been instances of the use of live weapons, and given the pressures faced by the inhabitants, we can expect an increase in the use of live weapons here and there, but those acts lack popular support and will never be more than isolated, unorganized activities." The intifadah, adds, Nusaybah, will take on a given form or shed a form according to circumstances, but in his opinion it will not develop into armed popular revolution, whether or not there is progress in the political process. One of the reasons, in his opinion, preventing the transition of the intifadah to the use of live weapons, is "the recognition among the masses that they don't have sufficient quantities of weapons, neither for defensive nor offensive purposes, while the Israeli settlers would exploit any action involving live weapons as a pretext for wide-scale retaliatory actions."

The deputy mayor of al-Birah, Jamil al-Turayfi, says "that the intifadah draws its existence from the overall feeling of the Palestinian public of the need for peace, but if it should become clear to the public that there is no response to its demands, no one could predict where the intifadah would go. The feeling of failure will lead to the use of live weapons, and there is no security in this matter as long as the other side continues to stick to its rejectionist stance."

Shahr Sa'd, described as the chairman of the General Union of Workers Federations in the territories, believes that the appeal for the use of live weapons would have serious consequences for the intifadah. "It would be an adventure, the consequences of which could be fatal...it would be a mistake that would bring destruction on the intifadah movement...a nail in its coffin." Sa'd emphasizes that the present level of activity should be continued, fighting all deviant phenomena, strongly supporting the population, and avoiding the use of live weapons as much as possible. "If there is no control over

the course of affairs," he stresses, "the results will be severe; I am pessimistic on this matter."

The mayor of the town of Bethlehem, Ilyas Furayj, elegantly sidesteps a direct answer to the question: "But it is natural," he says, "that the blackmail in the political arena and the increased violence on the part of Israel would lead to new methods of action by the intifadah." What is the nature of these new methods? Furayj is not prepared to go into detail. Dr. Haydar 'Abd-al-Shafi, one of the notables from Gaza, also avoids a direct answer: "The matter requires close inner scrutiny," he says.

Hanna Sinyurah, the editor of the newspaper *AL-FAJR* in Jerusalem, reacted: "The intifadah will not turn to the use of live weapons. If it does so, it will hurt the stance it acquired for itself in the very first months and would take on the color of an armed revolution. Despite the psychological pressure created by the lack of a peace process, the intifadah still will not deviate from the rules of the game." Nevertheless, notes Sinyurah, there will be no escaping the formation and development of new methods of activities.

Dr. Sa'ib 'Urayqat, a lecturer in political science at Anj'ah University in Nabulus: "The struggle between the Israelis and the Palestinians is a struggle over righteousness. The Palestinian people are ready to pay the price. A retreat from its point of view would be a disaster and mean the end of its political life and its national aspirations. The question of the use of live weapons is not the yardstick of the intifadah. Since it broke out, there have been many violent acts and they have changed from time to time. But they are not the yardstick by which to determine whether the intifadah continues to exist or whether it fails."

Bashir al-Barghuti, editor of the newspaper *AL-TALI'AH*: "It is impossible to say there is no political activity, but it is clear that the lack of a political process will have a negative effect on the intifadah. Nevertheless, that will not be enough to affect its general trend toward peace. Sporadic acts involving the use of live weapons may occur, but not as a general tendency. It is in the nature of things that the use of live weapons is the heritage of a minority and that the majority do not take part in it. The use of live weapons will make it easy for Israel to engage in wide-spread suppression. It would have very negative consequences."

Sa'id Kan'an, a notable from Nabulus, can say there are clear pressures from elements demanding the use of live weapons as a reaction to 'Israeli violence.' The lack of a political process will increase the strength of these elements. To our great good fortune, notes Kan'an, the leadership of the intifadah is on the side of continuing the intifadah while refraining from the use of live weapons, which has proved itself, according to him, over the last two years. "I expect that this formula will continue, but this does not prevent exploiting the intifadah for the achievement of vital political accomplishments." Radwan Abu-'Ayyash, secretary of the

reporters' federation in the territories: "The political freeze might create a feeling of failure in the inhabitants, and that might be expressed in their forms of action."

Most of those questioned in this brief survey answered that the use of live weapons is undesirable since it would certainly result in a sharp reaction from the IDF [Israel Defense Force]. Reports from Palestinian-Arab sources hint at the nature of the next stage of the intifadah. According to those sources: "There are two schools in the Palestinian camp—the pragmatic and the radical—which, for the moment, coexist peacefully and have even reached an understanding as to the nature of the next stage: not an armed struggle, in which the intifadah would not come out on top, but a new stage in the national struggle—an effort to capture the systems of government from within." But hand in hand with this, radical Islamic elements in the territories still see a broad basis for 'unconventional' strike actions and, if we are to judge by those same sources, the phenomena of the use of live weapons might well increase.

This approach is expressed by Dr. Fathi Ibrahim, one of the leaders of the Islamic Jihad movement in the territories, in an interview he granted the newspaper AL-KHALIJ, which is published in the Gulf. Dr. Ibrahim supports escalation of the intifadah and declares openly that his organization is preparing for it. "Despite the fact that it has at its disposal nuclear weapons and advanced military technology," he says, "it has been shown that Israeli society is weak, that it can be hurt from within in many ways. It is a society that will not suffer the killing of a hundred of its sons in a car bombing. It considers such an occurrence a national tragedy no less severe than the disasters that befell the Jews during the course of their history. Therefore marshalling all Palestinian resources will assure a strike against the enemy and will force it to consider retreat. A feeling of disaster is overtaking the Jews, and we can turn that feeling of disaster into real disaster—if we use up all the resources available to us."

Dr. Ibrahim calls upon the residents of the territories from now on to bear weapons against the enemy: "We believe there is no choice left us but to escalate armed activity. The claim that escalation might cause the extinguishing of the intifadah was correct in the first few months of its outbreak, but today armed activity by the public will strengthen its security. We are not asking to throw bombs into crowds or during demonstrations. There they should throw only stones, but there are other wide arenas of action on the borders of occupied Palestine and within the 1948 borders, and even on the West Bank and in Gaza, in which the Jihad can be continued.

"The forcing of the bus off a cliff on the road to Jerusalem by one of the fighters," says Dr. Ibrahim, "could not serve as a pretext for the enemy to increase its actions of suppression against the masses and against the demonstrators. Our actions encourage the people to sacrifice and to escalate the intifadah, and there is nothing in them to direct the muzzles of the enemy's

rifles at the demonstrators or at the villages and camps from which the demonstrations emanate, because such a reaction violates the rules of the game between the Zionist enemy and the intifadah movement."

It seems that the debate over the question of attacks with live weapons—yes or no—is not yet over, and it is still too early to tell which of the two populations will have the upper hand. One thing is clear: The cooperation between PLO members and the radical Islamic camp in the territories is a tactical cooperation, and in certain circumstances the political-ideological rivalry between them could be expressed by wide-scale violence.

### 1989 Economic Balance, Forecasts Issued

44230078C Tel Aviv HA'ARETZ  
in Hebrew 21 Dec 89 p 6

[Text] The economic slow-down that began in the second half of 1987 was halted in 1989, and a moderate recovery was even noted in the past few months.

The business total increased by 2 percent in the first half of 1989, after a 1-percent drop in the second half of 1988. The business coefficient throughout 1989 is expected to be about 1.5 percent higher than in the previous year.

Unemployment grew. In the second quarter of 1989 the percentage of unemployment increased to 9.4 percent from 6.8 percent in the last quarter of 1988. In the third quarter of the year there was a change and unemployment dropped to 9.1 percent, while in October it dropped further to 8.4 percent.

This year the government took a number of steps aimed at encouraging economic activities: devaluation of the shekel, changes in the value added tax agreement, eliminating customs duties with the United States and EEC countries, long and short-term lowering of interest rates, bringing forward the date of various infrastructure projects, and increased deduction percentages for new investments in industry and tourism.

The steps taken improved profitability in the business sector, especially that of exports. Pay-per-unit of industrial productivity (except for diamonds) dropped steadily this year, and in the third quarter of the year was 10 percent lower than by the end of 1988.

The improvement in profitability led to consistent increases in exports since May (except for diamonds). Compared to average monthly exports totaling \$570 million in 1988, in the third quarter of 1989 the monthly average exports came to about \$650 million, and rose to about \$670 million in the past few months.

The increase in exports, combined with stabilization of imports, made it possible to lower the trade deficit (not counting fuel and diamonds).

The deficit fell by about an average of \$150 million a month in 1988, and to about \$70 million a month in the

second half of 1989. Throughout the year exports are expected to finance about 95 percent of imports (except for military imports).

According to preliminary estimates, this year there has been a real drop in all local consumption:

Individual per capital consumption fell by about 3.5 percent; local public consumption fell about 1 percent, while fixed assets investment dropped by about 5 percent.

Inflation slowed down throughout the year. Inflation stood at 24.5 percent in the first half of the year and dropped to about 17 percent in the second half.

Not including the influence of housing costs, the annual inflation rate in the past few months was about 10 percent.

Further economic recovery is expected in 1990; the business sector product is expected to increase by 4.5 to 5 percent.

Improvements will be most marked in exports (6-percent increase) and investments (7- to 8-percent increase).

Private consumption will have a smaller impact (3.5- to 4-percent increase). Changes in local public consumption will be marginal (1- to 2-percent increase).

The improved situation in the balance of payments is expected to continue: There will be a relatively high surplus level in current accounts, a continued downtrend in foreign debt from output, and a continued reasonable level of foreign currency reserves.

The number of employees will increase by 2.5 to 3 percent, i.e., about 38,000 to 40,000 workers. Nevertheless, in view of increased offers, the unemployment rate will drop only to 8 percent.

Because of the fall in starts of housing construction in 1989 and increased demand for housing in the wake of immigration, demand for housing will increase, and so will prices and construction work.

**Bank of Israel Chief Examines Budget Cuts, 'Aliya**  
90OL0232A Tel Aviv MA'ARIV  
in Hebrew 26 Jan 90 p 1C

[Article by Yitzhaq Dish]

[Text] The blue books of the proposed budget for 1990 are already being printed, and some of them are being bound. Finance Minister Shim'on Peres will submit the proposed budget to the Knesset on Monday.

Only a few days before that event, the Governor of the Bank of Israel, Prof. Michael Bruno, says:

"This is not the budget that is needed. This time there is one central item: The budget is not consistent with the

immigration forecast—and that is a basic change. The budget was prepared on the assumption that there would be 40,000 immigrants, and now more than 100,000 immigrants are forecast. The budget must be sufficiently flexible to cope with the new situation. It is not. The Finance Committee will have to introduce far-reaching changes in order to adjust it to the new situation.

"But," Bruno emphasizes, "not by increasing the deficit. The deficit must not exceed three percent of the GNP [gross national product], which is approximately IS [Israeli shekel] 2.5 billion. The options are: slashing expenditures or hiking taxes. The path of additional taxation does not correspond with the needs of the economy precisely in a situation of absorption of immigration and the need for growth. On the other hand, the tax reform for individuals must be deferred. This reform does not encourage the business sector, and, therefore, does not contribute to the creation of additional jobs."

#### Slash Defense and Social Expenditures

"The encouragement of business sector activity is needed even before increased requirements arise in the sphere of immigration. What the economy needs, in its present situation, is concessions to the business sector. These can be: reduction of the employers's tax, elimination of the stamp tax, a faster reduction of corporation taxes, and the freezing of National Insurance payments by the business sector.

"There is no place today for the proposed reform. Even though the Finance Ministry is supposed to submit it to the Knesset—it can be expected that the reform will either be deferred completely this year or deferred in stages. The Finance Ministry has already decided to take the route of raising the Value Added Tax [VAT] and taxes on cigarettes and gasoline, in the first stage, with the reform deferred until July, in order to finance the supplemental defense expenditures.

"What is now necessary for the budget is cuts in two large categories of expenditure: defense and social items, including direct expenditures and grants. In contrast, there should be no cut, but rather even an increase, in infrastructure expenditure—roads, communications, research and development—in order to encourage growth. The Finance Committee should introduce changes in the proposed budget that will ensure the necessary flexibility."

[MA'ARIV] And an increase in the VAT to 17 percent?

Professor Bruno completely opposes such an increase. An increase of one percent in the VAT is the most that can be allowed today.

[Bruno] Any larger increase is wrong. An increase in taxes is completely undesirable. We are already in the club of the countries with the highest tax rates. Development and job creation do not go hand in hand with a tax increase. It impairs the motivation to work, to invest,

and to save. An increase of two percent in the VAT would create pressure for a price increase, which causes an increase in wages.

[MA'ARIV] Is an immigration-absorption bond issue the answer?

[Bruno] A loan in any form is not desirable. A voluntary bond would not make any contribution, since it would be at the expense of raising money in the capital market, and also because not all of the public would participate. A compulsory bond would have an element of taxation. It would involve entirely undesirable administrative expenses.

If a war were to break out, every other expenditure would be pushed aside for the purpose of financing the war. Today, the large immigration should be regarded as an emergency situation that requires the deferral of all other expenditures in order to finance absorption. This is the road that Ben-Gurion took in the early years of the State, when he decided on the slashing of military expenditures for financing the absorption of the immigration, and Chief of Staff Yigael Yadin resigned for that reason. Ben-Gurion was proven correct. In the final analysis, the thing pays off both from the viewpoint of the economy and from the viewpoint of the security of the State: Immigration contributes to economic power and welfare, and it enlarges the national pie.

The slashing of expenditures will also convince world Jewry that Israel is tightening its belt in order to ensure absorption. This is likely to aid in fund-raising abroad.

[MA'ARIV] The governor maintains that even though we should in principle strive to reduce the external debt, in this case of financing growth and the absorption of immigration, it is justified to take loans abroad and to increase the external debt. This is on the condition that the monies will be directed to expanding the economic base. By no means may either the loan or an increase in the balance of payments deficit be used to raise the standard of living.

On the issue of immigrant absorption, the governor points to problems beyond financing: both housing and employment. These require extraordinary measures. The construction sector has contracted, and it will not be easy to increase its output quickly. There is another difficulty: At issue are increased demands on a limited output. Therefore, too great an expansion of the sector is liable to lead to a crisis when it will have to contract again and face unemployment of men and equipment. Therefore, aside from providing land, shortening the process of obtaining permits, and reducing the cost of building materials, it is necessary to open the sector to competition from the outside: to import prefabricated buildings, or, as was done at the airfields after the evacuation of the Sinai, to hire contractors with work groups and equipment.

In this manner, the supply of apartments will be increased without adding to inflation, and, when the market is satisfied, they will be able to leave without leaving behind a crisis

in unutilized equipment and unemployed labor. The circumstances also require that the government reduce risks to contractors by giving guarantees to builders for the purchase of apartments that will be built, while limiting the size of the apartment and other components. In general, government intervention in economic processes is not desirable. But in this sphere, against the background of the special circumstances, it is necessary and helpful.

There is also reason for the government to encourage entry of Israeli workers into the building sector, by paying them unemployment benefits for a certain period in addition to their wages.

As for employment, Bruno puts up a warning sign: "There should be no return to the detailed method of 'the black notebook,' in which are listed every factory and producer that helps out, or the preparation of a five-year plan with details on factories. The situation is different from that of the 50s or the 60s—in a broad and complex economy, general conditions should be created, not detailed treatment. It is necessary to refrain from establishing concerns that do not have an economic basis. They must be conscious of the fact that even if they make new investments now, these do not immediately provide returns, and, in any event, this still does not immediately ensure new jobs. On the other hand, there are sectors with unutilized productive capacity. When there is demand for the output of a sector, more than one shift should be worked. There should be wage incentives—not through taxes—for second- and third-shift work."

[MA'ARIV] And what about the exchange rate?

[Bruno] The problem is that the public has a short memory. It's correct that there was a certain increase in foreign currency purchases in the final months of 1989. The pace was much slower in January. But there is a fundamental difference between the basic conditions in 1988 and the conditions today. There is no shortage of foreign currency, there is a surplus in the balance of payments, and the external debt has declined. Regrettably, the business sector operates according to old habits, according to which the way to cope with competitive ability is to make devaluations. Through this approach of devaluations and inflation, a real devaluation is not achieved. In the past, this approach resulted in the destabilization of the overall price level. Look at what's happening in Turkey, where the exchange rate is devaluated along with the increase in prices: it has galloping inflation, it is making the method of linkages more sophisticated and is going into a spiral.

"In order to maintain competitiveness, the focus should be on the real spheres. What was done to increase productivity and in the cost of living arrangements caused the wages per unit of output in the export branches not to increase and even to decline. This is the answer—and not frequent nominal devaluations.

"I am not saying never. But there is no reason for a devaluation in the coming months. The large foreign currency reserves and the other conditions make it

possible to withstand pressures from various directions. Had we acted according to the pressures from the street, then we would have had to carry out a devaluation already in September."

[MA'ARIV] The governor hints that rumors about a devaluation and reports in the media are fueled by interested parties. He refuses to identify them. But, he emphasizes, "In the final analysis, this sector will not benefit from untimely devaluations not accompanied by appropriate measures."

Professor Bruno is not upset by reports of a cut in U.S. economic assistance. The cutting of aid in itself is not tragic, if it is carried out on a limited scale and we know in advance what will be done. The present conditions, when the economy must cope with a wave of immigration and with growth, are not favorable for an aid cut. But we must accept the fact that we cannot expect to receive assistance at its present level forever. The assistance is also eroded by inflation in the United States. And a cut of five percent in civilian assistance is not a problem with which it is impossible to cope, and in the long run we must get ready for that.

#### The Key Is in Our Hands

The governor sticks to his proposal for a package deal in the economy, on the condition that the budget will indeed be based on a deficit that does not exceed three percent of GNP and will not itself cause inflation. In this package deal, the government will have to undertake to refrain from raising the prices of goods and services that it controls, the Histadrut will undertake to observe wage and cost-of-living arrangements that will prevent an increase in inflation, and the industrialists will have to refrain from raising prices. At the same time, there must be a consistent and determined move to reduce protection of domestic production and monopolies.

There were lights and shadows in 1989. On the bright side: a decline in wages per unit of output, a reduction of interest, a good cost-of-living agreement, a drastic decline in interest rates, an improvement in the balance of payments, an increase in foreign currency reserves, and a decline in the external debt. On the dark side: Inflation remained stuck at 15 to 17 percent and unemployment increased, though accompanied by an increase in efficiency and an increase in productivity.

The year 1990 may be the opening of a nice decade of growth and a decline in inflation—on the condition that the budget and economic policy will be directed to that end. Professor Bruno says, "The key is in our hands."

#### Budget Cuts in Defense Industries Examined

90OL0222A Tel Aviv BAMAHA  
in Hebrew 2 Jan 90 pp 6-7

[Article by Uri Ginosar]

[Text] The walls separating East and West have come down very quickly this year, and there is some question

as to whether those whose livelihood depends on the manufacture of tools of destruction and even deterrent weapons have yet digested the process. Right at the juncture between the ninth and 10th decades of the 20th century the world has taken a giant step toward interbloc compromise and made it possible even for the younger readers of this supplement to be witness to a historic process in their own lifetimes, not just to read about it in history books. One poetic sentence from our own sources: "Nation shall not lift up sword against nation," is beginning to sound close to a reality.

On the surface, what could be more wonderful than world peace. But in reality, peace, too, poses its own threats, and when it comes down to little Israel, there are two viewpoints: Will the world trend bring quiet to our area, too; and, if so, how can a country that has built an enormous weapons industry, bigger than its needs, adjust to the new situation? In East Berlin they are now passing through the broken walls to shop in the supermarkets and shops of the western part of the city for consumer goods and luxuries, not for guns and missiles.

In the Israeli defense establishment, things go on as usual for the time being. As usual in January means the final struggles for the budget and big headaches over the division of the pie within the establishment. As usual also means dealing only with this year's budget and continuing to live from year to year. There are no five-year plans, no 10-year plans, everything is fluid. For that reason there is not as yet, and it is not clear if there will be, a think tank whose function will be to figure out how we will meet the "peace threat." The defense industries in Israel are estimated to employ more than 15 percent of the industrial work force in Israel: tens of thousands of workers.

According to experts at city hall in Tel Aviv, the defense market is not identified right now. It is unclear what will happen now when every East European country stands on its own two feet. In Western Europe there is already a gradual process of defense cuts, the turning over of industries to civilian use, and the removal of military activities from integrated plants. At the same time there are attempts to build a common market between countries in the development and manufacture of new weapons systems. The topic of weapons systems is not "covered" by Europe in the framework of the agreements of 1992.

The main factor affecting that market is the United States. The U.S. budget will be cut, and that will greatly increase U.S. protectionism, which is already very strong, and will make it harder for outside industries to take a slice of the U.S. military's reduced budget. American weapons industries are not set up for a reduction in the scope of orders and lack a civilian perspective. They are expected to compete aggressively in the European markets. The world marketplace will be very crowded.

#### Whoever Has Not Yet Experienced a Crisis, Still Will

As far as the rest of the world is concerned, there are foci of controversy, some real and some imagined, both in South America and in East Asia. China is also still a

market for weapons. New countries are joining the world competition, among them countries that previously only produced weapons for themselves. The crowding of the world market is, of course, the problem for our industries; at the start of the 80's the defense industries here gathered momentum against a background of large defense budgets. However, since the rise of the National Unity government in 1984, huge cuts have been initiated in the defense budget, and all of them realized they had a problem and tried to increase exports to up to 70 or 80 percent of their output. Our industries have almost nowhere to grow beyond existing capacities.

All the defense industries in Israel have experienced a crisis and have squeezed workers; those who have not, still will. Since the large defense industries are state industries, the process of adjustment is very slow. We are now in the middle of the process. Tadiran is in the midst of a crisis, the aviation industry is already beyond it, El Op has not yet gone into it, REFAEL [Combat Means Development Authority] has not yet come out of it, Ra'da' and Elbit went through it without incident. Elbit is, of course, an excellent example of a company that found substitutes for the Lavi' and has now acquired a civilian component (Elsint), that can function as an umbrella corporation for two kinds of activity and strike a balance between them.

But it is important to emphasize that not all defense industries in Israel can implement changeover to civilian lines. That is almost impossible in the case of REFAEL and the military industry, for example. The problem is that it is hard to sell and make a profit in the civilian marketplace at the price standards of defense production. Companies like El Op and Elisra' are trying now to reprofile; the aviation industry, which let 6,000 workers go after cancellation of the Lavi' project, is now looking for replacement work in the area of space, information, the provision of automated, computerized services, and medical equipment. Recently a piece of equipment was announced, developed jointly with the University of Bar Ilan, that locates cancerous growths in the body and the type of cancer.

Nevertheless, what will happen here; what are we to do? No one has any clear answers. From the point of view of the defense establishment, there is no change in the formal estimate of the character of the threat in the Middle East. Even if peace should come to the region, the process of adjustment will last several years until there is real confidence. Therefore the first conclusion is that the IDF [Israel Defense Force] will not reduce its needs for the next five years. The defense industries will tell you, naturally, that that is not much.

Clearly in the future there will have to be cuts. No one knows what will happen to the scope of U.S. aid and if the nature of the equipment will be different. Fewer masses of systems, more of an emphasis on warning and intelligence. The aviation industry, as noted above, is moving forcefully toward civilian use; Ta'as has a serious problem because it manufactures basic systems in large

masses—its basic product is ammunition of various sorts, and one of the suppositions, for example, that is widespread in the United States, is that within the framework of future cuts, armies will move to work with simulators instead of live ammunition exercises. It is not for nothing that it was decided to move Ta'as from a position of government support unit, that feeds on the budget, to a stance of business corporation that will have to make it on its own. It is true that for now this is a corporation with sales of about \$600 million, of which two-thirds go to export. The aviation industry cycle, for the sake of comparison, was twice that this year, about a \$1.25 million. REFAEL also has its own problems for the next few years, and struggles are expected over what it should look like. (see box)

#### **Electronic Manufacture Will Be Hurt Less**

We have not mentioned here industries like Soltam and Urdan, whose problems we deal with almost every year; these are classic examples of mass industries for whose products there are no buyers, which have been squeezed down to a bare minimum, and even at that point it is questionable if their existence is necessary. Urdan and Soltam claim the right to exist solely on the basis of Israel's own security needs; they have long since ceased to talk of a world potential.

If there is agreement that the world is cutting back on large weapons systems like tanks, big guns, and submarines, and concentrating on sophisticated weapons—and those are the estimates heard everywhere both in Israel and in the United States—there is still an island of optimism with regard to a number of industries, especially electronics. If the countries of Western Europe thin out their armies, they will need to replace them with electronic warning systems.

In October, the Electronic Industry Federation in the United States conducted a brief survey showing that despite the drop in military purchases in recent years, the electronic equipment share will not be affected. Someone will have to maintain the balance of terror, and beyond that, wars have never been born because of armies, only because of statesmen.

#### **[Box, p 7] What Happens When the Defense Budget Is Cut?**

The communications group at Tadiran made the headlines this summer, in circumstances that were not particularly flattering, against a background of huge losses that also included one-time write-offs and the shut-down of activities. For many years the communications group wove their dreams and built up empires on the assumption that technological advantages over their world competitors would enable them to conquer markets worth hundreds of millions of dollars. The IDF and the defense establishment were also a central element in their projections. This summer the dreams were shattered, after a long delay. Now they talk of a smaller group with activity in the \$100-million range and hope to maintain this reduced slice. Once upon a time the communications



group sold 70 percent of its products to the IDF; next year it will sell only 35 percent.

But even the one-time write-offs carried out in the summer are not enough. Even after another 400 workers are let go, after 550 were fired in 1989, and after they manage to sell this or that property, the group will still be too large in infrastructure and buildings, which will affect its business results. In the plant yard in Holon there is, for example, an automatic warehouse that can accommodate three times the quantity of spare parts and equipment stored there now. The investment has already been made and the burden will continue to weigh heavily.

After having been burned by the defense establishment, the communications group is now putting its trust in another market, the United States, and here, too, there is a danger of over-dependence on one market. "The American market is the only one I can depend on," said Avi Sharir, the group's manager. "They are the only ones who work according to a five-year plan, the rest of the markets are unstable. The U.S. market should absorb one-half of our sales."

Sharir explains that the European market is almost hermetically sealed, while the Latin American market will continue to be opportunistic and problematic from the point of view of money. In East Asia there are a number of opportunities, and Africa will also, once again, be a potential market. The communications group at Tadiran is a sparkling example of a military industry that is not set up for reprofiling and will have difficulty living with the new situation. "If we had money for development, it might make sense to try and look for civilian products."

#### [Box, p 7] Who Needs a Big REFAEL?

The sword of cuts is now threatening another visit on the Weapons Development Authority—REFAEL. For years this organization was the national home of R & D for the defense establishment in Israel, and with time also became a manufacturer of finished products. Within the defense establishment they feel that this transition will not be carried off well and that it is impossible to integrate under one roof both R & D and a business system.

REFAEL is a group budgeted with defense budget monies, and the burden it imposes on the budget is on the order of tens of millions of dollars. According to the defense establishment, the company is living beyond its natural size, and we cannot afford all this developing. In fact, REFAEL does not have its own balance, and more than once the Ministry of Defense has helped out by purchasing products beyond its budget flow. More than once they have used fiscal advances intended for future products to finance regular expenditures and put off the future.

About a year ago a special committee was appointed, headed by the president of the National Academy of

Sciences, Prof. Yehoshu'a Yortner, to look into defense establishment needs. The committee has recently recommended to the Minister of Defense that REFAEL should be split into separate arms, one to deal with R & D, and the other to deal with manufacturing and to be run on a strictly business basis. Such a step would require an organizational change, a change in wage structure and in manpower.

Two weeks ago the general manager of the Ministry of Defense, David 'Ivri, in a meeting he held with committee representatives of REFAEL, in the presence of company management, announced that according to next year's budget they would have to reduce 1,200 of the Authority's 6,000 workers. REFAEL management, on the other hand, thinks that the release of several hundred would be enough. The message being sent by the Ministry of Defense is that most of the weapons systems can be purchased in the United States, and development budgets can be cut.

REFAEL workers have not yet gone into the streets to demonstrate, but their message is clear: There is no room for widespread cuts in the company and REFAEL should not be treated like just another corporation. It is a stepson and must be allowed to work at full momentum. At the head of the opposition front to changes in the structure of REFAEL are the research workers. They claim that the feeling of world peace has not yet reached the Middle East, and even if there should be dramatic upheaval, weapons cannot be dismantled overnight. They claim it is a mistake to take the measure of REFAEL with economic eyes since it is a question of an institution established with no profit motive. "We believe," some of the research workers say, "that even in peace time a deterrent body is necessary, and there is a critical mass of people required for it. The split of REFAEL into two and turning it into a business corporation would be a disaster. REFAEL is successful at development and can save a lot of money for the people of Israel; we must not think in terms of a single point."

The heads of the research workers committee admit that REFAEL still has hundreds of workers who are not efficient enough who can be fired, but they demand adequate compensation for them and believe they will have to hire new, energetic workers to replace them. There is no clear measure, they say, as to the manpower red line. Today 6,000 people work at REFAEL; only war will prove if 4,000 are enough. War demands a lot of tricks if Israel doesn't want losses. The center of gravity must be passed on to the future generation of high kill multiplier systems (maximum damage with minimum risk of other systems); and Ta'as cannot do that, only REFAEL can.

The workers have another argument for the portrayal of REFAEL as someone with accumulating losses of hundreds of millions of new Israeli shekels. When the Ministry of Defense is both owner and customer, determining both the price of the product and the work hours, there is a problem in measuring profitability.



The bottom line is that the Ministry of Defense, which has decided on cuts all across the board, is also threatening REFAEL. The workers believe that the country's needs require that they be maintained as a group that is concerned about the future.

### Academics Examine Social Trends

44230078D Tel Aviv DAVAR in Hebrew 24 Dec 89 p 7

[Article by Yoram Peri]

[Text] The title of the convention was somewhat banal, dry, stripped of emotion, sterile, and therefore, boring: "Changing Trends in Israeli Society." However, for 2 days, alarm bells didn't stop sounding over Har Ha'Tzofim. Israel is now in an unprecedented grave situation and the future does not promise anything different.

For 2 days, 30 academics—sociologists, political scientists, psychologists, jurists, and historians—presented the findings of their most recent studies on Israeli society. The pictures they revealed were quite similar: Israeli society is going downhill and sinking into a serious crisis.

One could take the radical view and say, so what? Nobody expects professors to come down from their ivory towers and have a good word to say about anything. To use the English phrase that Foreign Minister Moshe Arens used to describe the authors of the report of the Strategic Studies Institute, they're all a bunch of leftists, anyway.

The answer to this possible claim was provided by Prof Arye Shahar from the Geography Department. He of all people, who didn't say a word about the territories, ethics, or ideology, managed to provide an objective and neutral criterion. Comparison studies done in the past few years showed that Israel, which in the past belonged to the group of developed countries, has lost that status.

Concerned about those findings, Professor Shahar decided to check out the situation for himself. For this purpose, he developed a complicated method to define "the level of national development." This level is determined, among other things, by variables such as the percentage of people employed in services, daily caloric consumption, per capita ratio of physicians, percentage of educated people in each age group, per capita gross domestic product, birth rates, and other indexes.

Examining these factors for 80 countries at two points in time—1965 and 1985—he found that other researchers had been correct in their assessment of what had happened to Israel: 20 years ago it belonged to the group of developed countries. In the course of time most of those countries made rapid progress upwards, while Israel was left behind. Together with a few countries that belonged to the developing countries in 1965 and grew rapidly, and a small number of countries that in the past were among the developed, a middle group has now emerged, of "formerly developed countries."

If anyone is looking for consolation, there are Argentina, Greece, and Yugoslavia, to whom the same thing happened. On the other hand, it is worth remembering that in 1965, one of Israel's neighbors in the upper house was Japan.

In contrast to the dry language of Shahar's facts, other researchers used far more colorful modes of expression. There is something artificial in contracting learned lectures into a few sentences, nevertheless here are some:

- In the past, the Israeli political system had devices that permitted conflicts to be regulated. Conflicts were not resolved, but it was possible to live with them. The nature of conflicts has now changed; some of them have become fundamental, and the political system is incapable of making decisions about them. (Prof Dan Hurwitz)
- Israeli society is at an impasse and is incapable of resolving its problems. Zionism did not manage to create in the country a critical test whose existence is guaranteed for the long term. (Prof Yehezkel Dror)
- Classical Zionism succeeded in blending and absorbing opposites, universal and individual factors, secular and religious ways of life. This blend has now disintegrated, and we are now in a post-Zionist era, in which there is as yet no new ideology, and for that reason the country lacks a basis for legitimacy. (Prof Ariq Kohen)
- The liberal crust of Israeli democracy is being increasingly eroded, while the destructive forces of organic nationalism are growing. The longer the pressures brought to bear on the system persist, the stronger tribal tendencies become. (Prof Ze'ev Sternhal)
- What has been occurring since the intifadah has been the opposite of the picture prevailing in the 1930's: At the time, Palestinian society failed in the process of institutional establishment, while we succeeded. Now they are making progress and we are regressing. Social cohesion is being eroded, the defense doctrine is collapsing, and dangerous and apparently irreversible tensions have appeared in relations between society and the Army. (Prof Moshe Lisk)
- The Israeli legal system has been forced to accept the reality in the territories, and because by nature it is attempting to remain connected to the social and political realities, it finds itself being dragged after and coming to terms with annexation and human rights violations. (Prof David Kretzmer)
- Israel's national image has been deteriorating. In 1948 we were both small and righteous. After 1967 we were stronger, but still just. Now we are strong and unjust. The dimension of strength in the national image has become a stumbling block for Israel and the recipe for self-destruction. (Dr Judith 'Elitzur)
- In view of the changes that have occurred in the religious camp and the shaken self-confidence of the secular camp, it is very doubtful whether the status quo, which maintained coexistence between religious and secular in the past, can continue in the future. (Prof Imanu'el Guttman)

- The assumption used to be that a society needs symbols of a common identity in order to function properly. In view of the fact that today we lack such symbols, the State seems to have trouble functioning. Thus, the growing deterioration in the functioning of the institutional system, especially the political sector, is obvious. What is most salient now is not an increase of conflicts, but the need for a joint text for the various participating communities. (Prof S. G. Eisenstadt)
- The relationship between us and our enemies has been reversed. In the past we were the ones in favor of the idea of partition and of political negotiations, and they were not. Now they support those principles while we oppose them. (Prof Yehoshafat Harkabi)

As previously stated, these are merely superficial abstracts of profound and well-substantiated theses presented at the convention. Most of the participants agreed as to the main reason for the situation in which Israeli society has become enmeshed: the problem of the territories and the occupation. Even people who disagreed with more extreme analyses, who believed that the root of the evil dates back earlier than 1967, had trouble not accepting the fact that, even if we did not have such intentions a priori, we have created a colonialist situation between the Palestinians and ourselves, and that is one of the main reasons for the serious crisis affecting Israeli society.

One of the participants summed up the above thus: This is the first time I can remember that a convention of Israeli scientists produced such agreement in their assessment that the situation is quite poor and the future will be disastrous if something is not done.

The ones who can do something are, of course, the politicians. But none of them bothered to go to the University to hear what reputable researchers had to say about the society that they, the politicians, claim to lead.

## MOROCCO

**Consumer Prices Show 2.6-Percent Increase**  
900A0250D Casablanca LA VIE ECONOMIQUE  
in French 17 Nov 89 p 7

[Unattributed article: Retail Price: Plus 2.6 Percent Over a Period of 9 Months"]

[Text] In 1989 retail prices clearly experienced another upswing and it is expected that the official inflation rate this year will be between four and five percent, following a relative moderation in 1987 and 1988 (2.7 and 2.3 percent).

According to the monthly survey conducted by the Statistics Office, the cost of living index in September reached a level of 403.4 as against 399.1 the previous month, thus marking a 1.1 percent increase.

This is the result of opposite movements of various categories. The index for the "food products" category experienced a 1.8 percent increase because of variations in the indexes of the subcategories: cereals (plus 0.8 percent), milk and cheese (plus 0.1 percent), fats (plus 0.1 percent), meats (minus 0.4 percent), fish (minus 4.5 percent), eggs (plus 10.5 percent), fresh vegetables (plus 11.1 percent), other vegetables (minus 0.2 percent), fresh fruit (plus 14.1 percent), dried fruit (minus 10.8 percent), other sugar products (plus 0.5 percent), aromatic plants (plus 4.7 percent), carbonated drinks, mineral water (plus 0.4 percent), spices and condiments (plus 0.9 percent) and meals eaten out (plus 0.9 percent).

As for the "clothing" and "housing" categories, their indexes showed upward variations of plus 0.7 percent and plus 0.2 percent, respectively.

These are derived from price increases for outer garments (plus 0.2 percent), underwear (plus 0.1 percent), ready to wear costs (plus 0.5 percent), shoes (plus 2.7 percent), and other (plus 0.2 percent) for the first category, and variations noted in terms of rent (plus 0.1 percent), heating-lighting-water (plus 0.5 percent), kitchen utensils (plus 0.2 percent), and household equipment (plus 0.1 percent) for the second category.

As for the "Maintenance-Hygiene-Care" category, its index varied by minus 0.1 percent, due primarily to the drop in the price of grooming services (minus 0.5 percent).

Finally, variations noted at the level of subcategories for private transportation (minus 0.4 percent), public transportation (plus 0.3 percent), recreation (plus 0.2 percent), and miscellaneous expenses (plus 0.5 percent) were at the origin of the stagnation for the index of the "Transportation-Leisure Activities-Other" category.

Furthermore, let us note that the cost of living index for September 1989 rose by 4.2 percent compared with its level during the same month in 1988. While the average index for the first nine months of 1989 went up 2.6 percent compared to the average index for the same period in 1988.

Table 1

Categories	December	August	September
Overall	381.8	399.1	403.4
By Sector			
Food Products	388.8	411.2	418.8
Clothing	315.4	322.9	325.2
Housing	327.6	335.5	336.1
Maintenance-Hygiene-Care	302.6	313.4	313.1
Transportation-Leisure-Other	453.8	470.5	470.6
By City			
Casablanca	385.8	404.4	407.9
Rabat	395.4	413.8	418.1

Table 1 (Continued)

Categories	December	August	September
Fes	383.5	404.4	409.4
Tetouan	363.7	372.4	376.0
Kenitra	345.4	365.9	369.8
Marrakech	396.5	414.3	421.5
Oujda	376.7	390.4	396.8
Agadir	398.3	413.3	419.4

## SAUDI ARABIA

### New Budget, Economic Indicators Discussed

90OL0218A London AL-HAWADITH  
in Arabic 29 Dec 89 p 39

[Text] The announcement of the Saudi budget a few days ago came in the midst of great optimism and faith in the future of the Saudi economy during the 1990's, since at beginning of this decade a new five-year development plan will be announced. The balanced Saudi oil policy has already strengthened OPEC and consequently the global oil market. Observers expect that the recent OPEC agreement will have a positive affect on the 1990 petroleum market and that oil prices will exceed the current \$18.00 per barrel rate.

Saudi participation with the Texaco company has been very successful, with profits of more than \$6.4 billion. Under this project, Saudi Arabia markets petroleum products in 23 U.S. states through the three refineries and 10,000 stations it owns.

The expanded budget committee charged with drawing up a budget framework has completed the final version of budget entries.

The Ministry of Finance and National Economy has carried out directives from Guardian of the Two Holy Places King Fahd Bin-'Abd-al-'Aziz to pay out all money owed to creditors, thereby confirming Saudi Arabia's ability to meet its obligations in full, both to foreign and domestic companies and to individuals. The Saudi economy performed well in 1989, despite negative factors such as instability in foreign currency exchange rates.

The Kingdom spurred economic development using short-, medium- and long-term planning techniques by drawing up five-year plans, each concentrating on specific strategic goals representing one of the major steps in development. Over the previous 20 years, the four five-year plans have represented a long-term plan with integrated bases, which initially emphasized building infrastructure elements, most of which were completed by the end of the third five-year plan, when more investment was channelled toward the production and services sectors in order to provide and expand production and service capacity and develop manpower, thereby developing the production structure and making

better use of natural and human resources. This has remained a goal of the five-year plan, even though factors related to developments in the global oil market have intervened at times to slow rates of development.

The next five-year plan (1990-1995) emphasizes adoption of a policy to open the way for the fifth stage of development to achieve balanced growth in various sectors of the national economy in order to diversify production, reinforce the automatic growth potential of the various production and service activities, and develop and absorb manpower in development projects in order to provide the economy with stable, self-generating growth factors that are not centered solely on petroleum. By analyzing economic indicators during 1989, we see that the Saudi economy at that time began preparation for a new phase of self-generated, balanced growth for all sectors.

The most significant of these indicators are:

1) The perceptible, 14-percent increase in the value of oil exports (oil revenues). This occurred for the first time in five years because of the wise oil policy pursued by the Kingdom, both in increasing, strengthening, and organizing production, distribution, and marketing elements, and within OPEC as well as by successful global participation in several petroleum projects at home and abroad. This increase had a positive effect on the balance of payments outcome, despite increased imports compared to those of the previous three years. This indicator shows the possibility of recreating the country's general reserves, a large portion of which was used up during the period of lowered revenues.

2) The success of the general fiscal policy in providing for nontraditional sources of financing for banking sector resources, such as government development bonds worth 25 billion riyals, which has greatly affected the ability to attract bank savings and to use them to increase government expenditures, and which in the current year's budget are directed toward greater expenditures on projects. This is the most significant reason for the changes seen in aggregate demand, both governmental and private, since this source of financing provides a renewable source of revenue for self-generating financing by the private sector.

3) The obvious change in government demand from its decline, which began in 1981-1983, to a perceptible increase of more than three percent and the link this has to a clear, radical change in the drop of private demand of 3.9 percent from rates that had reached 15 percent during the previous three years.

4) The sharp drop in the ratio of consumer spending to total domestic spending. This is clear from the drop in this ratio to 88.6 percent from approximately 91 percent the previous year. This drop was definitely in favor of expenditures for development projects, as we have said. This was confirmed by the SAMA [Saudi Arabian Monetary Agency] report to the effect that even though aggregate demand had dropped by 1.6 billion riyals,

gross capital formation was not affected by the drop; in fact, it stabilized at approximately 57 billion riyals.

5) Improved sector performance in various economic activities. Banking activity began a new year of growth after most banks eliminated their loss problems, and doubtful debts were adjusted following helpful, reasonable steps taken by SAMA and the Bank Debt Adjustment Committee. Banking year 1989 was characterized by renewed trust in bank dealings with the private sector, which had the positive effect of increasing bank deposits, investments, and profits.

For the first time in six years, the construction sector performed positively, realizing positive real growth rates of 6.4 percent in the government and private sectors with the construction of oil pipelines, a gas separation project, public and private construction in Mecca and Medina, joint projects under the Shield of Peace economic equilibrium program, several public and private hospitals such as King Fahd Medical City in Riyadh, and expansion projects in al-Jubayl and Yanbu'. Agricultural sectors continued to achieve world-recognized rates of natural assisted growth, not unstable, sudden growth, stabilizing at over 10 percent.

6) The private sector's proven, astonishing ability to adapt to new economic conditions. Despite a drop in growth rates from previous stages, the private sector achieved positive rates of growth, prompting the state to give it an essential role in implementing fiscal and economic policies. Compliance by the private sector in the role laid out for it is seen in the results it can achieve, including:

- The increased percentage of payments by the private sector to commercial banks and specialized financing funds, which confirms the significant, positive effect the Bank Debt Adjustment Committee has had and reflects the obvious improvement in trust between banks and their customers.
- The continued net flow of private sector cash from assets abroad, evident from the increase in its net balance of payments from 85.7 billion riyals to 97.4 billion, indicating that the private sector has repatriated 16.7 billion riyals of its assets abroad. This amount has directly and indirectly helped to solve the private sector's bank debt problem, which will ultimately restore trust in bank credit, which is still less than would be hoped for because of the significant role played by the private sector in long-term industrial and agricultural investments.
- The clear indications of a noticeable improvement in the private sector's performance and increased activity toward building a diversified economy, clearly showing that this sector possesses additional abilities to increase its exports.

7) The economic sectors' ability to absorb much of the domestic work force, reducing the foreign work force by seven percent. The domestic work force saw an increase of eight percent, indicating relative success for the

domestic economy's efforts to absorb the domestic work force. There was no negative impact on production rates or efficiency, with predictions indicating increased worker productivity and decreased employment costs in general in production institutions.

These seven indicators and others show that the Saudi economy has succeeded in diversifying sources of foreign revenue by increasing exports, etc., and has created sufficient domestic demand for self-generating growth. All of this will be seen in the general budget for fiscal year 1990-1991, which begins in a few days.

## TUNISIA

### Opposition Leaders Discuss Refusal To Attend Meeting

90OA0278A Tunis REALITES  
in French 12-18 Jan 90 pp 12-13

[REALITES interviews with Mustapha Ben Jaafar and Mohamed Harmel, date and place not given]

[Text] Three signers of the National Pact, the MDS [Movement of Social Democrats], the PCT [Tunisian Communist Party], and an Islamist, Nouredine Bhiri have refused to participate in the holding of a higher council of the National Pact. Why? Mohamed Harmel and Mustapha Ben Jaafar, secretary general of the PCT and assistant secretary general of the MDS, respectively explain.

[REALITES] The MDS has decided not to attend the meeting of the National Pact higher council. Is this a breakaway?

[Jaafar] I must explain at the outset that the decision taken by the MDS political bureau is not at all surprising when one considers the letter we sent on 22 November 1989 to the prime minister, in which we reaffirmed our commitment to serious dialogue, on the one hand, and our willingness to participate in any consultation among the signers of the National Pact with the goal of seeking the best possible framework for this dialogue. You have certainly noted that in our communique of 2 January, and before we had received any official invitation, we indicated the possibility of participating in a meeting of the Pact signatories that would discuss everything, including the way in which one or another regards this higher council of the National Pact.

Therefore, you can see that, as strong supporters of dialogue, we have never at any time sought a break. Quite the contrary, anxious to escape from the impasse into which the democratic process has strayed following the 2 April elections, we have encouraged all signs—even the most cautious—toward the resumption of democratization. Remember how warmly the naming of Mr. Hamed Karoui to head the government was welcomed.

However, having been burned by experience, we remain vigilant and particularly watchful for concrete measures

that would bring about change, and contribute to making the general political climate more healthy and reestablishing the confidence that is indispensable for any fruitful dialogue. On 19 September 1989 we sent a letter to this effect to the prime minister. We have to point out that these measures are slow in coming.

[REALITES] What are the conditions for reviving the higher council?

[Jaafar] Let us fully understand each other. First of all, the National Pact is a moral and political code that enjoys a fairly general consensus, and it is certainly not on our account if it is not applied and respected 14 months after its approval. Furthermore, I am not a zealous defender of the higher council of the National Pact. Also, at this time—and this is not the least of the paradoxes—no one knows exactly what this council is, its composition, prerogatives, and operating procedures? However, one thing is clear. With a monocolor assembly, another framework must be found to enable dialogue between the government and the opposition. This is even more imperative because an unenviable socio-economic situation is added to the political deadlock. It is a positive element that the public authorities are aware of these difficulties and are seeking a solution. For lack of a better one, the higher council could be this framework, on condition:

1. That all concerned parties discuss it beforehand and are not confronted with a take it or leave it formula. It is simultaneously a question of both principle and effectiveness.

2. That a genuine atmosphere of dialogue be assured, far from the invectives of sad memory and the press campaigns of another era.

Having said this, it is not ruled out to think that this council may be a good idea; however, it is in the process of being aborted due to failure to take the measures and the time needed to make it succeed.

[REALITES] How do you envisage the future of the democratic process?

[Jaafar] The democratic process is certainly everyone's business. However, if the political will exists, the impetus must come from the government. First of all, because it is bound by a moral and political commitment to the country, the 7 November 1987 Declaration. Furthermore, because in the current situation, it decides on everything, or almost everything.

As for the opposition, in the absence of an institutionalized counter to the government, it must certainly support all initiatives that materialize democratic pluralism and introduce it into daily life. In this respect, one must give it credit and admit that up to 2 April it was sincerely doing so, without ulterior motives and ultimately without something in return. However, the opposition

also owes it to itself to reject false solutions. Its credibility with public opinion depends on it, as well as its loyalty to the democratic change that it calls for.

For my part, I think that the situation of blockage and mistrust can only be overcome by audacious measures that create among the political forces but also public opinion—the mobilizing psychological shock that the country needs. It is necessary to restore confidence and to get rid of the opinionated attitude that still affects the parties that have expressed their willingness to participate in the democratic life. Instead of engaging in examinations of motive of this side or that, the law should be left as sole judge. Continuing to desire a democracy without risk is to condemn oneself to immobility, or, worse, to a democratic stage set that by creating an illusion prepares the way for violence.

I do not believe that this solution will be at all calm. But it is the only chance to establish as quickly as possible, and in any case at minimum cost, the State of Law. Today, and in view of this irresistible surge of democracy in the world, we have to dare more if we do not want to stay on the sideline of history.

[REALITES] Are things moving toward a rejection front, a radicalization of the opposition?

[Jaafar] You talk as if you had lost all hope of seeing the government's attitude change, I believe that one should not exaggerate. It is true that the opposition parties are coordinating more, and that there is an increasingly clear trend toward seeking a common platform of thought and action. However, it is not a matter of radicalism.

The democratic opposition has the same demands today that it had yesterday: to end this state-party confusion that has become intolerable; to implement the democratic pluralism by removing all fetters from political activity and by legally arranging the opposition's access to the audio-visual media, etc.

There is probably a more acute awareness among democrats today of the necessity to counter the scattering process in order to better resist the sidelining that they are experiencing. We also want to proceed in such a way that the democratic alternative will be more credible in that it is supported by a broader popular base. The monopoly exercised by the RCD [Democratic Constitutional Rally] over the state system strengthens this tendency. Without mentioning the adverse reactions one finds in the columns of certain newspapers, consisting of firing indiscriminately at anything that moves, whether on the right or the left, and which reflects in fact the absence of any strategy of overture.

For the democratic forces, it is not a matter of confronting anyone, but rather of uniting to combat retrogressive ideas and of restoring hope to the people. It is a matter of combating the scattering without destroying the diversity.

[Box, p 13]

[REALITES] Does the PCT's nonparticipation in the higher council of the Pact signify a break with the government?

[Harmel] Why talk about a break with the government when it is a matter of normal and rational demands for a credible dialogue, something which we have always called for and that has not occurred. If there is a break, it is with the methods that have led to a breakdown of the democratic process, to emptying pluralism of a real and dynamic content.

It is one of the most basic rules of democracy and consensus to take into account the proposals, constructive ones at that, of the democratic opposition, at least in regard to the implementation of the National Pact principles.

In regard to the form, we have proposed a preliminary meeting of the Pact signatories prior to initiating a higher council, whose final form and procedures are yet to be defined.

On the heart of the issue, we want to remove certain ambiguities and obtain a number of basic clarifications about the situation of the democratic process in all areas. What could be more normal?

The fact that our objections have been overlooked shows that there has been a return to the method used in preparing the fait accomplis laws, without considering our objections. Yet, today they admit that these laws can be revised!!, which proves that we were right to criticize them....[as published]

[REALITES] Is this a position coordinated with the MDS?

[Harmel] We are in the process of developing a coordination with the MDS and the MUP [Popular Unity Movement], in the context of the three-party meetings, on all the national issues. However, independent of all

coordination, our position emerges from a profound analysis by the PCT, particularly since the elections of 2 April 1989, and from the experience we have encountered in regard to dialogue with the government. In fact, we are being more demanding, in the interest of the country, and not for partisan reasons or those of petty politics, as a crude and ritual propaganda claims. (See the note and letter we sent to the prime minister in October and November 1989).

[REALITES] What do you believe to be the necessary preconditions for reviving the Pact and the democratic process?

[Harmel] First of all, it is necessary to respect the principals of the National Pact and to have them respected. [as published] You know that the PCT, although a co-author and signer of the Pact, has been the target of a reactionary campaign incited by official imams, which is contrary to the letter and spirit of the Pact. Political use of religion, which has been officially ruled out, has been applied against the PCT, while other movements have been attacked by other means, as if there was the desire to weaken and sideline everyone, and at least the very ones that can play a positive and progressive role in the country.

It is necessary to break with the formal and controlled pluralism, and to take measures that the situation requires in all areas. It is necessary to allow real pluralism to operate without hindrance, and finally, to have access to television and radio. The laws must be amended, particularly the electoral code.

Parties such as the MUP must be recognized, and all the police harassment of which they and others are targetted must be stopped, and a genuine dialogue with the dynamic forces of the country, without exclusion, must be initiated.

These are the minimum conditions for reviving the democratic process and opening up new prospects for the country, otherwise the disillusionments and uncertainties could promote all kinds of backsliding.

## INDIA

**Winds of Democracy in Nepal**

46240001P *Bombay NAVBHARAT TIMES*  
in Hindi 20 Jan 90 p 6

[Text] The banned Nepali Congress Party, by holding a successful convention for the first time in 29 years in Kathmandu, has blown the bugle of democracy, and it may prove difficult for the king of Nepal to ignore the call. It is good that the Nepal government did not take any strong action to stop this convention. Had it done so, it would merely have gotten isolated itself [from the public] and, in these times of worldwide aspirations for multiparty administration systems, would merely have introduced little Ceausescu of its own to the world. Nepal is indeed in the third and decisive turn in its history. The coming together of political forces in support of democracy has occurred there rapidly. The democratic movement does not pose any open challenge to monarchy at the present time, but there are clear indications that if the monarchy attempts a clash with these forces, its ensuing decay may not be preventable, since this time no India will be coming to its rescue.

In 1950, India helped the Nepalese royal family to overthrow the Rana dynasty. That made it possible for Maharaja Tribhuvan, grandfather of the present king, Birendra, to obtain the throne. Then also India had supported popular will, since the Nepalese people were at that time opposed to the Ranas who had grabbed the throne by means of conspiracies. The Nepalese residing in India at that time had established close contacts with Nepal's royal family.

Nepal's history took another turn after the free elections in 1960, when the palace and the B. P. Koirala government got into loggerheads and the king dissolved the cabinet, imprisoning the leaders of the Nepali Congress Party. Later on, the king wrested even more authority and established a partyless system. The present king is continuing the legacy he inherited from his father Mahendra, and perhaps thinks that the Nepalese people, who supported a partyless system of administration in a referendum in 1980, are not yet ready for a multiparty system. From the announcement by the Congress and seven leftist parties to launch a movement for democracy on 19 February, and from their agreement on a common plan of action, it seems, however, that the currents of change this time are very strong. Moreover, the people are angry with the government of Nepal on account of the starvation and belt-tightening imposed upon them by its dispute with India. In the Terai the Indians are extremely dissatisfied.

It is natural for India to desire an emergence of democratic forces in neighboring countries. The participation of Indian political leaders in the Nepali Congress convention and the sending of goodwill messages should be viewed against this background. Nepal has been so close to India that leaders with different viewpoints like

Chandrashekar, Surjit, Farooqi, and Akbar felt it necessary to attend. It will be good for the king of Nepal to keep in mind the sentiments of his subjects and his friendly neighbor.

He should also not forget that today even an Islamic nation like Pakistan, after many autocratic rules, has in the end sought salvation in democracy. Why should Nepal also not choose the same kind of democracy which has been so uniquely characteristic of India?

**Business Clans Reported Benefitting From Liberalization**

90010156A *Vienna DER STANDARD*  
in German 2 Jan 90 p 18

[Article by Josef Trappel]

[Text] The masses who daily stream from the suburbs into downtown Bombay—the street peddlers, beggars, tea vendors, newspaper boys, bootblacks, clerks, and officials—all board one of the many thousands of public busses in the morning, all of which are products of the House of Tata. In the midst of the traffic chaos automobile drivers of the middle and upper social strata jockey for position among these fire engine-red transport vehicles. The House of Birla provides them with their means of transportation. Today, the Birla company "Hindustan Motors" is still producing the much too heavy and underpowered "Ambassadors," which evoke a note of nostalgia. In turn, Tata supplies the steel for most of the vehicles traveling India's roads from Jamshedpur, a city in the Federal State of Bihar that the founding father of the company built nearly 100 years ago. But the range of products produced by the two houses is by no means exhausted with this list. More than 150 companies of the most varied sizes together form the Birla enterprise: Textiles, chemicals, building materials—all are basic products for the insatiable domestic market.

**Autos, Eye Shadow, Power Plants, Computers**

Tata is the largest of the two industrial giants. With annual sales cited by chief economic D.R. Pendse at \$4.5 billion, the company barely nudges out its rival. Both enterprises began their paths to success in the textile branch. While the Birlas even today produce jute and fabrics, the founder of Tata established a steel mill in the early years of the century—against the will of the British colonial masters—that has remained India's largest privately-owned economic enterprise to this day.

Jamsetji Tata, the Western-educated great-grandfather of the firm, successfully combined entrepreneurial spirit with political farsightedness and a sense of social responsibility towards his employees. The Tata children have remained true to this mixture to the present day. Telco (Tata Engineering and Locomotive Company Limited)—the company which has up to 70 percent of the domestic market in commercial vehicles and busses—split off from the steel mill as a major customer.

The third element was added to the group between 1910 and 1919 with three power plants which today supply electrical power to, among others, the Bombay region, and which have the most modern 500-megawatt conventional fossil fuel burning unit. In addition to these three sales giants, over 40 smaller units are doing respectable business: Whether it is a matter of producing cosmetic products for Hungary, Czechoslovakia, and the Soviet Union, or analog watches in the Swiss Swatch-Watch style, whether it is a matter of going into the computer market, or whether Club Med is looking for an Indian partner—Tata is active in all areas.

#### Local Appearance

No ostentation, no pomp, not even the armed watchmen usually posted in front of India's important buildings are to be seen in front of the main headquarters of the Tatas. The inconspicuous brick building which houses the headquarters of the corporate group is located in a side street off Mahatma Gandhi Road. All the offices are open and there are no guards or security measures in evidence. True to Jamsetji's philosophy, the Tata enterprises produce neither resistance nor dissatisfaction among the employees. When the staff enters the office building in the morning on the red carpet, a golden bust reminds them of the great old man and their duties which link them to him. Door after door on five floors—all the great names: Tisco for iron and steel, Telco for commercial vehicles, Tata Electric, and, of course, Tata Sons, the holding company from where, even after the splitting up of the company into autonomous enterprise units in 1970, all the guiding signals are sent out. Its offices contrast sharply with the displayed wealth of the large corporations of European, Japanese, and Southeast Asian origin. No chrome, no tinted glass, no futuristic skyscrapers—but, to be sure, the most modern office technology and excellently trained personnel.

Shocked, the boy at the entrance gate to one of the production halls whips off his cap and salutes. One of the directors has entered the all without notice and is showing guests around. Cosmetic articles of the Tata company Lakme are produced here. Eye shadows, lipsticks, skin creams, and body powders roll off the production line into shipping cartons. Destination: Hungary and the CSSR.

#### Rationalization

For now, men and women sit close together on both sides of the production line and pack the sticky lipstick mass into the golden tubes. The line pushes the lipsticks through two small flames that give them a velvety gloss. At another line the ranks of the men and women workers have already become markedly thinner. A filling machine takes over part of the work. For the moment, eight employees are still working on a third production line, but when the new machine is functioning there will be only two of them: One will feed the machine and pick up the finished fingernail polish bottle, while the other

will check and monitor the fully automatic filling process. "Have no fear," the general manager says soothingly, "they will not lose their jobs. They are needed in other areas, in body powders." New men or women employees have not been hired in recent years. The rationalization program is going full-speed ahead. "I have to be happy whenever I am able to continue to employ deserving colleagues." It cannot be denied that he has a social conscience.

Treating the work force better than the competition is in accordance with the Tata philosophy. Thus, as a rule, assistance payments supplement wages in cases of illness and pregnancy, and Tata also often makes living accommodations available, provides for medical care, and educates the children in the company's own schools. As early as 1912—36 years before it became the law—Tata introduced the eight-hour working day. In 1920 it introduced paid vacations, and in 1934, more than 20 years before Indian legislation required it, it introduced the profit bonus for employees. Today, this bonus amounts to two months' wages. This personnel policy pays off—labor turnover is low.

The higher-level executives remain loyal to their company as well. The responsible Lakme managers have all been with the company for more than 20 years. However progressive the Tatas' social welfare measures seem, the leadership level makes the appearance of being antiquated in the British manner. A strict hierarchy separates the company levels, and absolute obedience and autocratic management methods are as much a part of the house as is the social program. Francis Menezes of the Tata Management Training Center regards this as one of his principle tasks. "But, unfortunately, my conference center is primarily booked by outside companies and organizations. Tata companies shy away from this kind of criticism."

#### Strict Hierarchy

There is a story circulating in Tata management circles of a recent incident in which fellow-executives respectfully touched the feet of a director colleague upon the latter's arrival at the airport. Menezes has a long way to go....

But Tata's strength lies not only in its personnel policy. Since the company's founding, its interests have also been directed abroad. Although Jawaharlal Nehru's drastic nationalization policy after India's independence in 1947 left the Tata enterprise, which had been untouched for the most part, sufficient latitude for growth, the house cultivates its European connections. A network of subsidiaries and companies with Tata participation spans the economic globe today. Thus, in 1956 Telco entered into an arrangement with Daimler Benz which has proven to be invaluable. Step by step modern automotive technology was transferred to India, but the Mercedes connection was broken off already in 1969. To this day Tata produces its durable, high-quality trucks with the know-how it obtained.



**Great 'Similarity'**

An in-house research and development department works on engines and improves chassis. The engineers there continue to follow in Mercedes' footsteps, and thus the new minivans from the Tata workshop are astonishingly similar to the Mercedes models of the 608 and 709 series.

Tata is operating in other European markets as well. Tata Export, a company primarily concerned with the worldwide marketing of Tata products, has opened its own factory in the Indian hinterland. Some 1,250 employees, many of them tribal members, produce shoes of the finest leather on European patterns for Bally. Tata export products are not available on the Indian market.

In 1984 the Tatas received a license to produce Titan watches, one of many high-tech products which have since been produced with foreign know-how. The timing of the granting of this license coincided with the period of Rajiv Gandhi's ascension to power. He had come into office in 1983 and vigorously swept away his mother's economic policy. In a desperate attempt to keep the Indian economy in Indian hands, she had implemented a wave of nationalizations that drove large companies such as IBM and Coca-Cola out of the country. Rajiv's advisors, the "big boys" of Indian industry, saw their opportunity after their protegee came to power. A new economic policy was proclaimed, imports and exports were liberalized, and the gates were opened crack by crack to multinational corporations.

Tata profited as did the other companies as well. Thus, in 1962, in a joint venture with the Scottish company, Finlay, one of the largest tea companies in the world was created. Finlay had been so unnerved in the raw climate of the Indira ice age for foreign economic participation that it turned over its investments to Tata and left the country in 1983 after nearly a century of doing business there to concentrate on its African plantation properties. Just this year things turned around and Tata is left with its profitable undertaking without bothersome partners. Tata, which jointly with Burroughs has been operating Tata-Unysis since 1977, is currently negotiating with IBM concerning a possible return to the country with a potential of 100 million customers. The Tata hotel chain Taj, with luxury accommodations in India, Europe, and the United States, also has a big fish on the hook. The French Club Med would like to expose its prosperous tourists to the southeast Indian sun.

**New Fields, New Markets**

But not only the Tatas are using the new liberal economic updraft of the Rajiv bureaucrats. The Ambani Family, an aggressive industrial group that set about to take over second place in the Indian hierarchy of corporations from the Birlas, is expanding into new fields as well as into new markets. In Dubai, its flagship company Reliance Industries is making use of the advantages of

the Export Processing Zone to refine crude oil, a class of petroleum which previously had been reserved for the Indian state company.

The Mahindra Family is currently implementing similar plans. Having grown up with Jeeps and tractors, Mahindra & Mahindra is leaving well-beaten paths. Oil drilling in Bombay Heights, an offshore oil field off the coast of Maharashtra, and a joint venture with the British company Telecom to network the companies in the Bombay-Pune industrial area, are on the agenda. R.K. Pitamber, managing director of Mahindra & Mahindra, views the future with the appropriate confidence. "Our oil exploration program, which was begun a year ago in agreement with the state ONGC (Oil and Natural Gas Commission), has already returned respectable profits. We are now waiting for further privatization—in road construction, for example." Pitamber and his company are waiting with shovels in hand, as it were, for the awarding of the contract for the highway between Bombay and Pune. It will be the first road in India to be privately financed and built.

Rajiv's designated successor, V.P. Singh, will not alienate the powerful clans. Tata, Birla, and Ambani have nothing to fear. Wherever the floodgates are opened to multinational companies, they will be waiting in their capacity as powerful domestic partners, and they will solicitously take their new competitors under their wings.

**IRAN****IRI: UN Commission on Human Rights Lacks Authority**

90OI0132A London KEYHAN in Persian 14 Dec 89 p 4

[Text] The regime of the Islamic Republic who, to avoid a strongly-worded resolution by the United Nations General Assembly regarding human rights violations, had agreed to a visit to Iran by a special investigatory delegation, has now begun to filibuster and to attack human rights bodies within the United Nations, as the date of the visit draws closer. The state run daily KEYHAN-E HAVA'I writes in this connection: Time and again we have witnessed the susceptibility of international organizations and institutions related to them—namely the UN and its tributaries and affiliated commissions—towards the influence of western powers.

KEYHAN-E HAVA'I accused Galindo Pohl, special representative of the Human Rights Commission, of having only used statements made by the regime's opposition in his recent report, which strongly condemns the use of torture and brutal executions by the Islamic regime. The said state run newspaper writes: The UN Human Rights Commission lacks legal standing and essential independence, and therefore its representatives lack the competence to visit Iran for the purpose of investigating and studying human rights and the manner in which these rights are observed in Iran.

KEYHAN-E HAVA'I announced that the Commission's visit to Iran and its investigations should be conditional upon its members' admission as to the baselessness of their previous reports.

#### **Iran Air To Purchase Passenger Planes From USSR**

*90OI0150B London KEYHAN in Persian 18 Jan 90 p 4*

[Text] The National Iranian Airlines (Homa) and the USSR Airlines (Aeroflot) are considering an increase in the number of their flights between Tehran and Moscow. In case the present ongoing negotiations reach their desired goal, new air links will be established between Tehran and one of the cities of the southern republics of the Soviet Union, such as Baku or Iravan.

According to the Tehran KEYHAN, some time ago Gudev, the USSR's ambassador to Tehran, met with the managing director of the National Airlines Organization and the supervisor of the National Meteorological Organization, and in the course of that meeting both parties discussed the possibility of leasing and purchasing passenger planes from the USSR.

The aforementioned newspaper in its report from Tehran also noted that Sady Gov, supervisor of State Airlines and representative of the USSR Airlines Aeroflot, also participated in the negotiations between the Soviet ambassador to Tehran and other Iranian participants, and exchanged views concerning the manner and possibility of expansion of a number of flights between Tehran, Moscow, and other cities of the two countries.

A transportation and airlines industry expert, while pointing out the negotiations between the responsible officials of the Islamic Republic's National Airlines Organization with the Soviet officials, also announced that the officials from the Iranian National Airlines have long been trying to find a way to replace the seven uncommissioned passenger planes of this company with other types of airbuses.

The above-stated expert also added: So far the efforts of the responsible officials of the National Airlines Organization to purchase airbus passenger planes have remained fruitless as a result of financial, political reasons, or even the unavailability of sufficient foreign exchange credits. However, with regard to the increasing number of interested passengers, the responsible airlines officials of the Islamic Republic have begun negotiations with the Soviet officials in order to either purchase a few Ilyushin passenger planes or lease some.

#### **Pakistan To Provide IRI's Naval Spare Parts Needs**

*90OI0150E London KEYHAN in Persian 25 Jan 90 p 3*

[Text] From a month ago, when it became apparent that the relations between Egypt and Syria have become

normal, officials of the Islamic Republic started to put more emphasis on closer relations between Iran, Pakistan, and Turkey.

Last week, in addition to the trip of the speaker of Pakistan's National Consultative Assembly and the commander of the Navy of that country to Iran, Mrs. Zahra Mostafavi, daughter of the late Ayatollah Khomeyni, and Ala'eddin Borujerdi, deputy foreign minister of the Islamic Republic on Asian and the Oceania affairs, also traveled to Pakistan.

Ala'eddin Borujerdi, while meeting with Sahabzada Yagub Khan, foreign minister of the Islamic Republic of Pakistan, and Eqbal Khan, security counselor of Mrs. Benazir Bhutto, prime minister of Pakistan, discussed mutual issues concerning the two countries and also talked about the Afghanistan issue as well.

Mrs. Zahra Mostafavi also took part in the ceremonies which had been set up at the Pakistani Ministry of Foreign Affairs on the occasion of the anniversary to the birth of Fatemeh Zahra [daughter of Mohammad].

In Tehran, the speaker of Pakistan's National Consultative Assembly, Malak Merajkhan, paid a visit to Karrubi and Rafsanjani and exchanged greetings with them. He also expressed his hopes that through cooperation of the two nations soon the anguish and pain of the peoples of Soviet Azarbaijan and Kashmir might end.

Likewise, Rafsanjani assured him that the government of Iran intends to expand its relations with Pakistan more than ever before. Rafsanjani further added: The present level of cultural and economic relations between the two countries, with regard to the depth of interest of the two nations is not sufficient.

At the same time, the commander of the Pakistani Navy, who had also traveled to Iran two months ago, separately met with and exchanged views with Shamkhani and Brigadier Shahbazi, joint chief of staff of the Islamic Republic. At this meeting the commander of the Pakistani Navy announced that his country is ready to provide the necessary equipment and spare parts needed by the Iranian Navy and put the same at the disposal of Iran.

#### **Oil Presold to European Companies Delivered to South Africa**

*90OI0132B London KEYHAN in Persian 21 Dec 89 p 4*

[Text] Subsequent to exposing the presales of considerable amounts of Iranian crude oil to two German and French companies by the Islamic regime, western news media revealed that part of the oil presold to the two German and French companies will be delivered to the racist regime of South Africa.

In a report on the details of the clandestine transaction of the Islamic regime's Petroleum Ministry and the two French and German companies, the London daily

INDEPENDENT announced that a major part of that oil will be sent to South Africa.

Political speculators hold that if the reports of the sales of Iranian crude to South Africa are confirmed, rumors about the clandestine ties of Pretoria's regime with the chieftains of Tehran's Islamic regime shall further proliferate and it will thus be known that in spite of the propagandistic rhetoric of the Islamic Republic as to its not having any commercial and diplomatic ties with the racist regime of South Africa during these past years, Tehran has not only had clandestine diplomatic relations with that country, but has also provided for a considerable part of Pretoria's oil requirements.

Having disclosed the presales of Iranian crude by the Islamic regime to two major French and German buyers, news sources of industrial countries of the west say that by having carried out the hidden deal the Islamic Republic has enriched its coffers considerably in foreign currency.

Announcing the \$2 billion deal of the Islamic Republic as the most considerable deal of its kind in the annals of oil transactions, the INDEPENDENT writes that apparently the house representatives of the Islamic Consultative Majles were reproving Hashemi-Rafsanjani, the Islamic President, for not having propounded the issue at the Majles and for not having solicited their agreement as to the transaction. They are planning to discuss the hidden transaction at the public session of the Majles.

Simultaneous with the disclosure of the clandestine deal, the London economic weekly MEED too wrote that the foreign currency deposit holdings of the Islamic Republic in overseas banks have increased. MEED which had previously mentioned the total amount of the Islamic Republic's deposits held in overseas banks to be \$5.82 billion, now quoting the International Accounts Settlement Bank (in Basel, Switzerland) wrote that the increase in the foreign currency deposits of the Islamic Republic held in overseas banks during the second half of the current year should rather be attributed to the receipt of \$325 million from the American Ashland Oil Corporation. MEED writes: It is expected that by receiving approximately \$400 million from the Japanese Mitsui Company for damages sustained due to the said company's withdrawal from the Petrochemical project of Bandar Shahpur, as well as the receipt of \$568 million from the United States as part of Iran's frozen assets in America, Iran's foreign currency holdings in overseas banks shall increase to even greater amounts.

An expert on Iran's financial affairs said to Keyhan's reporter that in all likelihood Iran's gaining access to foreign currency resources through the advance sales of crude to European companies, to the Japanese Mitsui Company (in the amount of \$300 million), and also through clandestine oil deals with some other companies, has resulted in an increase in that country's foreign currency reserves held in overseas banks—in spite of

Iran's ever-increasing foreign currency expenditures made for the imports of the nation's food requirements.

### Further Economic Talks With Bulgaria Set for Next Spring

90OI0082B Tehran ETTELA'AT  
in Persian 2 Dec 89 p 4

[Text] Economic relations between Iran and Bulgaria was the subject of discussion and exchange of views in a meeting between Mr. Dibayi-Moghaddam, Iran's Charge' D'affaires in Sofia, and Kristo Kristov, Bulgaria's minister of foreign economic relations.

According to reports from the public relations office of the Ministry of Foreign Affairs, also in this meeting the seventh gathering of the joint commission between the two countries was discussed. This gathering is scheduled for the spring of next year in Sofia.

In this meeting, Kristov explained the reforms that have taken place in Bulgaria and expressed hope that cooperation between the two countries will continue.

### Volume of Trade With China To Reach 600 Million

90OI0132E London KEYHAN in Persian 21 Dec 89 p 4

[Text] The Islamic Republic and China plan to increase the value of their commercial trade to \$600 million in 1990 through the conclusion of a trade agreement. The text of the agreement shall unprecedentedly allow mutual transactions to be carried out through the use of free convertible foreign currency. The said agreement was signed by China's minister of foreign economic relations and trade, and Mohsen Nurbakhsh, the Islamic Republic's minister of economic affairs and finance. Based on the said agreement, China will aid Iran in the construction of a paper and a tire factory as well as in the establishment of a power plant.

The London economic weekly MEED reports that according to the agreement signed by China and the Islamic Republic, the Chinese will construct industrial plants in various parts of Iran.

The said weekly adds: The Islamic Republic will in return export to China, in addition to crude oil, domestic and industrial goods.

In part of its report the economic weekly MEED points out that in the past 10 years the volume of trade between Tehran and Peking increased continually, and that during this time China delivered considerable amounts of weaponry and military equipment to the Islamic Republic.

### **\$100 Million Economic Agreement Signed With Libya**

*90OI0082C Tehran ETTELA'AT  
in Persian 2 Dec 89 p 13*

[Text] In accordance with a letter of understanding signed between Iran and Libya, during the next year the two countries will trade over 100 million dollars worth of goods.

According to the letter of understanding signed by Messrs. Nejad-Hoseynian, minister of heavy industries, and Fathi Shatwan, Libya's minister of strategic industries, the two countries will cooperate in industrial and agricultural areas in addition to trade exchanges.

In conclusion of signing this letter of understanding, our country's minister of heavy industry said: According to the agreement reached, the Islamic Republic will export to Libya 50 million dollars worth of sedan cars, equipment, combines, copper products, and other goods. In return, Iran will import 50 million dollars worth of PVC, iron, caustic soda, and other products.

According to Nejad-Hoseynian, in order to better facilitate trade exchanges between the two countries, within the next four months a delegation from the Central Bank will travel to Libya.

In regard to the cooperation between the two countries, the minister of heavy industry said: One of the points of agreement is the continuation of cooperation between petroleum experts from the two countries which began in 1982. On the other hand, the two sides will cooperate in areas of irrigation, agriculture, and exchange of information about natural resources.

In regard to setting up a joint venture company with the initial capital of 25 million dollars, he said: This company will be active in the areas of soap production, glass, and ceramics.

Engineer Nejad-Hoseynian then emphasized that the two sides will cooperate in the areas of electronic industry and automobile manufacturing and said: Iran has proposed to Libya the setting up of an assembly plant for the production of minibuses with an annual production of 500 units. This proposal calls for the use of parts made in both countries.

Also, another proposal has been made for manufacturing water pumps in Libya. After the completion of studies, measures will be taken to establish the companies.

In answer to the question that, "In talks with foreign delegations the export of busses or sedan automobiles have been projected, when there is dire need for these in the country," he stated: In this area our industrial units are dependent on the outside for raw materials. In view of the shortage of foreign exchange, the production levels at these units are very low.

He emphasized: In order to fully utilize the production capacity of the factories and, on the other hand, to create

more jobs for the workers, it has been so ordered that by allocating foreign exchange these industrial units can export their products. According to Nejad-Hoseynian, implementation of this plan will result in more income for the country as well as higher employment.

He pointed out: The export of such products has nothing to do with the quota for domestic productions and only the under-utilized capacities of factories will be used.

At the conclusion of this exchange, the minister of heavy industries remarked: Both sides have agreed to hold cultural expositions and exchange students as well as university professors.

### **Value of Trade With Turkey Falls for 3rd Straight Year**

*90OI0132F Tehran KEYHAN in Persian 11 Jan 90 p 4*

[Text] The Islamic Republic and Turkey traded goods and commodities worth approximately \$403.5 million during the first eight months of last year (1989). The trade balance of Turkey and the Islamic Republic for the said period shows \$341 million to the benefit of Turkey. As reported by the daily HURRIYET published in Turkey, during the first eight months of last year, Ankara purchased limited amounts of petroleum from the Islamic Republic. The said daily quotes the value of crude oil bought by Turkey to be approximately \$62.5 million. Reporting oil transactions carried out between Turkey and the region's oil producing countries, HURRIYET points out Ankara increased its required oil purchases from Iraq during the first eight months of 1989 by 9.2 percent. During the same period Iraq was able to enrich its treasury by approximately \$1.1 billion in foreign currency through the exports of crude oil to Turkey.

The transactions between Turkey and the Islamic Republic which amounted to more than \$2 billion annually about five years ago has gradually dropped over the past two years due to political bickering and economic differences. The value of these transactions has dropped to less than one-fifth compared to their value in 1984.

Simultaneous with announcing the drop in trade between Turkey and the Islamic Republic during 1989 and the limitation of Iran's crude exports to Turkey, the news media of the Islamic Republic reported last December the formation of the first trading market for border dwelling merchants in the province of East Azarbaijan (Bazargan Border) and in the southern province of Turkey. According to this report, from now on the border dwelling traders of these regions will be allowed to make deals at Turkey's border town of Sarisu in amounts not exceeding \$50,000. In this common border market of Turkey and Iran varieties of handicrafts, skin, and salambur [? meaning unknown] as well as other domestic commodities of Iran will be offered for trade. Selling varieties of construction materials produced in Turkey and also detergents, soaps, washing powders, etc. to Iranian buyers, Turkish traders may

purchase from Iranian traders traditional items and goods produced in Iran. Transactions and deals in this common market will be carried out on a bartering basis, and apparently neither one of the two sides shall give or take any money.

During the inaugural of the said common market, the governor of Turkey's border province announced that his government had authorized every Turkish merchant to purchase goods from their Iranian counterparts to the maximum amount of \$750.

### IRI Major Buyer of Turkish Goods

90OI0150F London KEYHAN in Persian 25 Jan 90 p 4

[Text] During 1988 Turkey exported an equivalent amount of \$11.6 billion worth of goods such as minerals, dry goods, textiles, fresh fruits, foodstuffs, and other types of merchandise to the various countries of the world.

According to the report published by the commercial officials of that country, the total value of Turkey's exports in comparison with the year 1980 had an equivalent of 24.7 percent increase. From the total amount of Turkey's exports in 1988, 76 percent belonged to industrial goods and 15 percent consisted of agricultural products.

In the statistical report of the Turkish Ministry of Commerce it has been stated that over 50 percent of the exports of that country have found their way into industrial countries, particularly the Federal Republic of Germany and the United States of America.

Last week a spokesman from the Turkish Ministry of Commerce announced that his country, during the first nine months of 1989, has exported about \$8 billion worth of industrial goods to various nations throughout the world. In the meantime, Turkey's imports during the same period reached an equivalent amount of \$11 billion. The aforementioned spokesman told correspondents that the following countries: the Federal Republic of Germany, Spain, the United States of America, the Islamic Republic, the United Kingdom of Great Britain and Northern Ireland, France, the USSR, Iraq, Holland, and Saudi Arabia occupied the top part of the list of purchaser nations for Turkish goods.

### Imports From Dubayy Increasing

90OI0150H London KEYHAN in Persian 25 Jan 90 p 3

[Text] While government organizations and other Iranian merchants, during the first six months of 1988, purchased goods worth 335 million dirhams (equivalent to \$91 million) from the free port of Dubayy, and forwarded the same to various destinations in Iran, this total amount during the first six months of last year (1989) witnessed a significant increase and reached a volume of 817 million dirhams (\$222 million).

According to a report in Dubayy's Chamber of Commerce periodical the expansion of commercial transactions between the Islamic Republic and the free port of Dubayy has been at a scale which has presently converted this port to one of the most important trade associates of Iran among the Persian Gulf countries.

One of the merchants residing in Dubayy announced that the figures which have been published by the commercial authorities of this free port only consist of a small portion of the purchases which are recorded in an orderly fashion by the Islamic regime of Tehran and other major importers of Iran. The same source went on to add: If we add to the aforementioned figures the unannounced transactions of other Iranian merchants, traders who reside along the Gulf's coastal region, Iranian tourists, and smugglers, most definitely the true worth of Dubayy's exports to Iran during the course of one year will be shown to be higher than \$2.2 billion-\$2.5 billion.

### Energy Minister on Possible Tehran Water Rationing

90OI0082F Tehran ETTELA'AT  
in Persian 2 Dec 89 p 2

[Text] Urumieh—ETTELA'AT correspondent: Over 100 billion tomans of credit has been forecast for projects and plans related to providing water for the country.

Mr. Bijan Namdar-Zangeneh, the energy minister, announced this in a visit to Urumieh and added: From the credits mentioned, seven hundred million toman will be allocated by the government and thirty billion tomans will be allocated from bank credits.

While welcoming cooperation of the private sector in implementing the said plans, the energy minister added: From the credit allocation for the National Five-Year Plan studies will be conducted for construction of six dams in West Azarbaijan over the rivers Nazlu, Baranduz, Zona, Siluh, Zaab Minor and one in the Maku region.

He added: Construction of the Barun Dam on the Zangemar river in Maku will continue. So far one billion three hundred million rials have been spent on the construction of its installations.

In connection with the shortage of drinking water in Tehran, the energy minister said: We hope that with God's blessing we have enough precipitation otherwise nothing else can be done except cutting off and rationing the water.

He added: In the medium term, in addition to urging the people to lower their consumption, the Energy Ministry will prevent excessive water consumption.

Among other programs to respond to the increasing need of the people of Tehran for water will be escalating the method of pricing, separating public water from city

drinking water, conducting studies for providing water by building dams, utilizing underground resources, separating water marked for green areas from hygienic water, and reducing diameters of large pipes for more common uses.

He pointed out: In another project we shall prepare Tehran's sewage for agricultural use so that we can utilize the drinking water, presently being used for agricultural purposes, solely for the people's use.

It should be added that after this interview the energy minister left for Maku to inspect the construction of the Barun dam in the Maku area.

Over ten billion rials have been allocated for the construction of the Barun dam which is being built over the river Zangemar.

#### **Price of Water in Tehran Up 50 Percent**

90OI0150I London KEYHAN in Persian 25 Jan 90 p 3

[Text] Tehran's Water Organization without any advance notice raised the price of domestic water for Tehran's residents. The residents of Tehran only became aware of the sudden increase in the price of water after they received their quarterly bills, which took them quite by surprise.

The increase in the price of water came as a result of a reduction in Tehran's water reserve so as to discourage people from unnecessary consumption of water. The sensible use of water for every family in a month has been estimated at 25 cubic meters, and while as a rule the price increase should only include any amount above and beyond the 25 cubic meters in a month for every family, however if a family decides to use more water than this figure the price increase, contrary to the rules, will include the total amount of consumption.

#### **Gachsaran Gas Production Project Operational**

90OI0082E Tehran ETTELA'AT  
in Persian 2 Dec 89 p 2

[Text] The large "Gas-2" Gachsaran gas-injection project, with a capacity of 300 million cubic feet, was initiated yesterday. With injection of 120 million cubic feet of gas per day, the gas from Gachsaran region, which was uselessly being burned before, will be utilized.

According to reports from the central news unit, by reaching the ultimate capacity of this project the injection of Pazanan gas into the Gachsaran reservoir the wastage of this reservoir will be minimized.

It must be noted that in the ceremony for the initiation of the "Gas-2" gas-injection project a delegation composed of the executive vice-president, the ministers of economic affairs and finance, commerce, and agriculture, and the chief executive officer of the Central Bank

were present. This delegation also inspected the installations which are being rehabilitated, projects under implementation, and the ones presently being exploited in the southern oil region.

#### **Aluminum Production Complex To Be Built in Bandar Abbas**

90OI0132K London KEYHAN in Persian 14 Dec 89 p 4

[Text] The Islamic Republic plans to establish an aluminum production complex on the previous site of the Mobarakeh steel mills in the vicinity of Bandar 'Abbas, through concluding special contracts with industrial contractors and corporations of France, Spain, and some other European countries. The annual output capacity of the industrial complex is estimated to be approximately 200,000 tons aluminum. Apparently some \$800 million will be invested for the construction, operation, and exploitation of the said complex.

The news on the negotiations with French and Spanish corporations for the construction of the Aluminum complex in Bandar 'Abbas was made public some time ago by the managing director of Iran's Aluminum Factory. The official said: The yearly output of the complex will amount to 200,000 tons of aluminum with various alloys for industrial uses.

He added that investments made by construction corporations shall be carried out on the "buy back" basis. He explained that investors would reacquire their investment through the sales of aluminum products manufactured by the complex.

The same official also announced that the plant will be constructed on the former site of the Mobarakeh steel mill in Bandar 'Abbas, and that the work would begin after six months.

#### **Northern Forests Destroyed Due to Lack of Conservation**

90OI0132J London KEYHAN in Persian 14 Dec 89 p 4

[Text] "If during the past two decades the northern forests had been exploited correctly, it was likely that benefits accruing from forests today would be on a par with oil income, but currently only 350 cubic meters of wood are obtained annually from each hectare of remaining quality forest land."

The above issue was raised some time ago by Mir Salim, research advisor to the Islamic President, who was visiting the north for the purpose of inspecting regional forests. The said official described as "a great national catastrophe" the situation of the national northern forest resources, and declared that those responsible as well as researchers should investigate the reasons for the destruction of these natural resources and should launch multi-aspectual measures for the restoration of forests.

Mir Salim said to reporters that out of 1.9 million hectares of the North's remaining forest, some 620,000

hectares are totally destroyed and only 1.3 hectares are considered to be commercial.

Expressing sorrow over the dire consequences of the decrease in arboricultured areas 20 to 30 kilometers deep into the Caspian shores, and the substitution of useful plants with useless shrubs, he said: The necessity of acknowledging natural resources as national resources requires that those responsible endeavor to exploit forests without injuring them and their natural space.

### **Tea Production Down 40 Percent Due to Lack of Rainfall**

90OI0150G London KEYHAN in Persian 25 Jan 90 p 4

[Text] Following the trend of increasing prices for consumer goods and other types of foodstuffs and medicines in Tehran and other cities, together with the shortage of bread, during the last two weeks, the supply of tea has also become limited by the sellers and the price of this everyday item needed by the majority of the people has increased significantly.

One of Tehran's newspapers in a report concerning the supply and demand of tea in Tehran and the increase in its price wrote: The situation of tea supply, which always enjoyed a rather uniform and stable price during the recent years, particularly during the years of the war, in recent weeks has changed and all indications point to the shortage of tea at the marketplace and an increase of its price. This shortage is more discernible at the store level and that of the marketplace, and contrary to the former days when sufficient supplies of tea cans were displayed in the shop windows throughout the cities, and when you could buy a kilo of mixed tea for only 60 toman, now the situation is reversed and many store owners give negative answers to their customers' inquiry with regard to tea. However, some tea store owners, after some persuasion, can come up with government-brand tea, which they have stashed away in the backroom storage—and offer the same for sale at two or three times more than its actual value.

Apparently, sources knowledgeable of the country's tea trade blame the shortage of tea and its limited supply on the extreme drought of the current year and claim that this drought brought about a reduction in tea production and as a result the Tea Company has likewise reduced the share of the distribution agents.

Some time ago one of the tea merchants announced that a few middlemen have taken advantage of the existing situation and sent portions of their share of government-brand tea to the black market, thus causing the price for one kilo of tea at 60 toman to go as high as 200 to 250 toman per kilo.

An expert in the production of tea affair stated: The current drought has had a direct effect on the production of domestic tea and thus reduced the production level between 30 to 40 percent. The aforementioned expert

went on to say: During the current year instead of 55,000 tons of tea production we had only a production of less than 40,000 tons.

### **Airline Says Lack of Experts, Equipment Prevents Growth**

90OI0132H London KEYHAN in Persian 14 Dec 89 p 4

[Text] The increasing population growth in recent years, the loss of six airplanes after the Islamic Revolution, and the existing incompatibility among the nation's airports have resulted in a lack of coordination between offer and demand, which in turn has brought about certain constraints regarding air transportation.

Hasan Shafti, managing director to Iran's National Airlines Corporation, addressing reporters in an interview held some time ago said: The company's requirements for improving the situation are not limited to airplanes, but also involve equipment, airport facilities and amenities as well as the implementation of needed investments to ensure the development of aviation industries.

He attributed the lack of progress in planning and in the follow up of programs within the Company to certain factors, such as the war with Iraq, foreign currency constraints, the boycott in sending parts to Iran by the United States, etc. He reminded that the depreciation of equipment and the drop in the number of specialized forces, as well as the many replacements made in the management of the Company have all contributed to the stagnation of its growth.

In part of his interview, the said official pointing out to troubleshooting programs devised to meet shortages in the Company, added: Over the past 20 days with an increase in the number of international flights to Mashhad, Shiraz, Zahedan, Ahvaz, Kerman, Tabriz, and Orumieh, on the average we carried some 200,000 extra passengers, but this troubleshooting measure is not by any means liable to be continued indefinitely and we can not promise to continue the extra flights.

In continuation of his press interview, Hasan Shafti mentioned the problem of aircraft shortage in the National Iranian Airlines Corporation—despite the claims of the Company's previous managing director as to the purchase of airbus type aircraft—without explaining the reason why to date the Company continues to be unable to replace the six aircraft lost after the Revolution. He said: The task of examining the problems and contacting relevant international agencies for the development of facilities—particularly acquiring aircraft—is underway, but to confront part of our transportation requirements, we have no choice other than to lease airplanes for the medium term.

As regards the problems involved in purchasing internal and overseas flight tickets and the reason for the long lines formed by passengers before ticket outlets, he said: One of our problems as to the long queues formed for the

purchase of tickets is the scarcity of sales outlets. In view of the fact that ticket sales agencies have 12 times more outlets than those of the Iranian Airlines in Tehran, people will naturally be able to buy tickets more conveniently if these agencies cooperate.

Hasan Shafti attributed the agencies' problems to terminals and their lack of being equipped with computers. He said: To date Homa [The National Iranian Airlines Corporation] has managed to equip one of its agencies with computer utilities, and in coming months commensurate with our means, our other agencies too shall gradually be so equipped.

#### **Foundation for Oppressed Puts Small Companies on Sale**

90OI0132G London KEYHAN in Persian 11 Jan 90 p 4

[Text] The Islamic Republic's Foundation for the Oppressed is planning to turn over production units of its Industries and Mines sector as well as small factories in its possession to the private sector and to individual buyers. A listing of these units as well as their mode of transfer shall soon be published.

A short while ago, Gholam 'Abbas Zare', Supervisor of the Industries and Mines Sector of the Oppressed Foundation, announcing the news of selling small profitable factories of the Foundation to the private sector, said: In addition to units belonging to the Martyrs Foundation, presently the Foundation for the Oppressed possesses more than 150 production units plus some large and small factories.

He added: A listing of these units shall soon be published for sale, which will be carried out through inviting the highest bidder.

In part of his press interview the said official stated: Parallel with the activation of the commodities market, the Foundation entered it by offering the shares of its large industries for sale, thus turning over a percentage of its holdings to the people through the commodities market. Zare' added: During the past few days the shares of the Blasco Kar edible oil refinery together with the shares of five textile factories were made available to the public through the commodities market, and soon more shares of certain other large factories of the Foundation will be offered for sale.

He went on to say to the reporters: The Foundation is interested in investing in large-scale mother industries, even though these may prove not to be profitable. He announced that the Foundation is prepared to invest in the construction of refineries, petrochemical complexes, and cement factories, and for this reason five cement factories are planned to be constructed in five deprived provinces as instructed by the Oppressed Foundation, because by the erection of these factories in those areas the growth of development operations shall be accelerated.

#### **City Residents To Pay Three Percent Tax Increase**

90OI0150C London KEYHAN in Persian 18 Jan 90 p 4

[Text] According to the note ratified by the Islamic Consultative Assembly, city residents—at least for the first five-year economic plan—must pay an equivalent of three percent tax, as absolute surcharge to the government. These taxes will be used by the municipalities, and the Ministry of Interior is obligated, during the course of execution of the first five-year plan, to introduce new plans for producing fresh revenues for the municipalities in order to replace the aforementioned ratified note, so as to ensure the independence of the municipalities after the termination of the five-year plan.

The aforementioned note states: Hereby, the Ministry of Economic Affairs and Finance is authorized to receive three percent as absolute surcharge for the municipalities and put the same at the disposal of the Ministry of Interior (State Municipalities Organization) so as to be divided among municipalities, according to the procedures worked out by the said ministry. All sources of taxation, subject of the second section of the law of the direct taxation within city limits, except the inheritance tax and all the sources subject of the third section of the same law, except income tax on agricultural products and salaries, will be included in this new taxation system.

During the past recent years, in order to secure its financial needs, the Islamic Republic has taken new steps to collect taxes by various means and methods.

Mohsen Nurbakhsh, minister of economic affairs and finance of the Islamic Republic, some time ago claimed that as a result of the introduction of new tax laws, during the last nine months as compared with the same period of 1367 [21 March 1988-20 March 1989], the volume of tax revenues of the regime has increased by 19.5 percent. The aforementioned official further added: During the period in question, occupational tax incomes as compared with the same period of a year ago has enjoyed a growth of about 32 percent.

#### **Gasoline Coupons Issued for Various Vehicles**

90OI0082D Tehran ETTELA'AT  
in Persian 2 Dec 89 p 4

[Text] All owners of pickup trucks with white and red tags, all across the country, are herewith informed that gasoline coupon number 362, designated for pickup trucks, for 30 liters—for 15 days' use—will be valid and usable from 12/9/68 until the end of the day of 11 Dey 68 [3 December 1989-1 January 1990].

The public relations office of the National Company for the Distribution of Petroleum Products in a statement also announced: All owners of taxis and red and white-tagged pickup trucks across the country are so informed that oil coupon number 11 for taxis, four liters each, and oil coupon number 54 for pickup trucks, four liters each, for one month's use will be valid and deliverable



from 12/9/68 until the end of the day of 1/11/68 [3 December 1989-27 January 1990].

According to this report, also blue oil coupon number 165, for sedans with large gas tanks, for six litters, and green oil coupon number 123, for sedans with small gas tanks, for four litters, and oil coupon number one for motorcycles, each for one litter, have been designated for two months use. These will be valid and deliverable from 12/9/68 until the end of the day of 7/12/68 [3 December 1989-27 February 1990].

### Heroin Addiction Reportedly Rising

90OI0150D London KEYHAN in Persian 18 Jan 90 p 3

[Text] Za'eri, deputy director of the intelligence and operations branch of the Islamic Revolutionary Committee, in an interview with the correspondents of Tehran's periodicals, admitted that despite all the efforts by the Islamic Republic's regime for combating narcotics addiction, the number of heroin addicts is on the rise. He further stated that from among the 50,000 addicts who have been arrested recently throughout the country, about 19,000 (more than one-third of the addicts) are heroin addicts.

Za'eri emphasized that a comparison of this figure with the previous ones indicate the rise of heroin addiction. Furthermore, he went on to say: From the 50,000 arrested addicts, 25,000 are between the ages of 20 to 40. This is the most productive period of an individual's life.

Za'eri also announced: The members of a band of smugglers who were involved with the preparation and distribution of seven tons of narcotics were arrested in the western area of the country. Similarly, members of another band of smugglers who possessed 1,400 kilos of narcotics were also arrested in the Sistan va Baluchestan region. Furthermore, last week more than 1,258 kilos of opium, 90 kilos of hashish, and eight kilos of heroin were confiscated around Zahedan. During the same operations various types of light and medium weapons, such as Kalashnikov machine guns, 18 grenades, 41 Katyusha rockets, 25 boxes of cartridges, and three long-wave transmitters were discovered by the officials.

Statistics with regard to the number of addicts throughout the country vary from one million to three million. With regard to the proportion of heroin addicts revealed by Za'eri, if we consider the lowest figure of the statistics, the number of heroin addicts reach the horrendous figure of 380,000 individuals. According to the knowledgeable observers of the Iranian situation, one cannot uproot the problem of addiction through harsh treatment alone.

### Many Eradicated Diseases Make Comeback

90OI0132I London KEYHAN in Persian 21 Dec 89 p 4

[Text] The decline in the level of hygienics in Iran, the shortage in medical personnel, and the existence of irregularities in the management of health matters have

prompted a reappearance of diseases that had been eradicated in the various parts of the country before the Islamic Revolution, threatening the lives of both the rural and the urban population. Typhoid is mentioned as one of the diseases which have currently assumed an endemic aspect and victimizes a number of people each year. Besides typhoid, publications in the Islamic Republic desultorily report the spread of such diseases as AIDS, Malta fever, cholera morbus, varieties of skin diseases such as Aleppo boil, eczema, trachoma, and also the recurrence of malaria in certain parts of the country.

Dr. Bijan Sadrizadeh, advisor to the Ministry of Health, Treatment, and Medical Education and general manager of the Department to Combat Diseases, announced some time ago that the incidence of typhoid fever fluctuated in various years.

Declaring typhoid fever as a major endemic disease of the country, the said official added: Typhoid fever is currently more rampant in regions such as Sistan va Baluchestan, Kermanshahan, Hormozegan, Bushehr and Kordestan, where there is a problem with potable water, sewerage, and garbage disposal.

The above mentioned official said to the Tehran KEYHAN reporter: Malaria is under control in two-thirds of the country. About four-fifths of the number of malaria patients pertains to the cities of Bandar 'Abbas, Minab, Kahnuj, Chah Bahar and Iranshahr.

Dr. Sadrizadeh added: Due to the nonallocation of the necessary funds as well as the nonobservance of hygienic rules, the rate of Malt fever affliction has been rising during recent years.

### Teachers' Job Security, Financial Future Discussed

90OI0082H Tehran ETTELA'AT  
in Persian 2 Dec 89 p 7

[Text] As a contract high-school teacher, my question from the officials is: If education and training does not require teachers with degrees why has it hired us on a contract basis and if it needs us why isn't attention paid to us? People like me, a teacher, do not have a suitable employment situation. Our salaries are meager and we have no insurance. We lack job security and may, at any time, be terminated for various reasons (lack of funds, not passing the placement examinations—which is a long story by itself, differences of opinion with the principal or the office and etc.) This is considering that we have spent five years of our lives to earn a Bachelors degree, most have a wife and children, but lack job security.

No degreed person likes to work for an organization in a temporary status. We all came to this organization with the hope of permanent employment and at a time when other civil servants enjoy job security, insurance, and adequate salary we are lacking all these facilities.

At a time when even workers enjoy social insurance we lack any insurance and in case of illness must pay back-breaking bills. We lack housing and cannot join teachers' cooperatives. In short we lack any security and must bare with such conditions for several years. Such treatment of the society's somewhat educated people is not suited for the Islamic regime. Officials must ensure that contract teachers can have job future security. The placement office must be quick in determining our qualifications. It cannot be so that after, for example, two years they declare that we lack the qualifications. This blows away several years of a persons education, marks the applicant, and kills all of his chances of employment with other government organizations. We beseech you to give us the status of a hard-working worker and, at least, cover us under the national social insurance program. Pay us salary for officials holidays and, if there is no need for us, let us know from the start. Also, if you give us an assignment, protect us like all other employees. Some of us with wives and children have put up with poverty and despair for many years in order to be educated. Every time we go to the personnel office we are told that our situation has not been clarified. They say you might be hired or you may be told, even today, that there is no need for you. A teacher who has such problems cannot effectively teach students. He is under constant fear of an undetermined future. At this time of reconstructing our dear country, why doesn't the Islamic government issue a declaration to make us all happy? One that states: From this date, contract teachers will be hired permanently. I swear to God that many will be happy and hopeful for their future. Signed: Contract Teacher

**Importance of Teaching Family Planning Stressed**  
*90OI0082G Tehran ETTELA'AT*  
*in Persian 2 Dec 89 p 7*

[Article by Abdolhoseyn Qods-Ellahi]

[Text] Despite widespread publicity that is being undertaken across the globe, especially in the third world countries—and also in our Islamic country—to halt the unruly population growth, the world population is growing at an alarming rate, even in advanced countries. Although continuous publicity—which is confusing at times—have been naturally effective. However, since the presented reasons have not been sufficient for parents who desire more children, for various reasons, and have not been explained from the economic and psychological perspectives, it can be said that the publicity has not been very effective. In addition, programs designed by experts from the world's international and regional health centers for population control have not had noticeable success in preventing the population explosion. On the other hand, some of the publicity which concentrates on the future dangers not only failed to be a serious preventative factor in unwarranted population growth, but also due to the fear they inevitably created among some nations, and especially among the poorer people, have actually encouraged parents to have more children.

**The Scholars' Warning**

In this regard scholars of the health sciences and experts from all over the world who study and work on the population explosion and its dangers give stern warnings. It is their unofficial view that serious dangers from the population explosion and its unruly increase are no less than the effects of a nuclear war. This applies to all except one or two countries in which the statistics for the number of new births and deaths are equal.

Population growth among all countries of the world, especially the poor countries, has taken on such momentum that, apparently, it seems to be out of control and its all-encompassing problems will, sooner or later, befall all nations of the world. This will turn into a serious danger, which the population explosion will be its damning result. The unruly increase in population in every corner of our planet will be the cause of increasing famines, spreading poverty, economic disasters, the appearance of unknown physical and psychological ills, a statistical increase in mental as well as physical handicaps due to poor diet and lack of oxygen, intellectual and cultural backwardness, a dangerous transformation of agricultural lands to residential and industrial lands, the destruction of forests and natural grazing grounds, a deadly shortage of agricultural and dairy products, an increase in unemployment, the availability of various kinds of deadly narcotics to the people, etc. If solutions for these are not found, man and all animals will reach extinction with a devastating speed. And only then we will find out that entering such dead-ends are much more dangerous than nuclear wars. When we come dangerously close to these dangers we shall better understand the slogan, "Fewer children, better life."

**Causes of Population Growth**

The biggest factor in the population growth across the globe is the fear and uncertainty about a vague future. Among poor nations this cultural misperception is widespread that, the more the number of male children, the more breadwinners which result in economic and psychological comfort during latter years of life. Under such circumstances, fathers foster a false sense of economic and psychological hopefulness with which they become quite pleased. In reality, the fear of economic shortcomings in poor societies is the cause for having many children. This is without any forethought by the father regarding the initial expenses for raising the children and their education. The most neglected problem is: How are the children supposed to be raised? What should their diet be and how should they be clothed? The most important thing for families is when the children reach working age and become breadwinners for the family. This wrong culture is widespread among the third world countries and, in proportion to the spread of this, poverty, famine, and other side effects can be seen among them. At this time the urge to increase the number of breadwinners has become so overwhelming that the daily increase in population has gone out of control.

**Agents To Prevent Population Growth**

In view of the above, the most effective way to control the population increase seems to be through providing the comfort of social security. One effective solution in this direction can be national and mandatory insurance coverage for all the people—be they workers, civil servants, businessmen, and all other occupations. Of course this issue should be taken into consideration that the people's wisdom and awareness play a great part in this matter. Experience has proved, disregarding exceptions, that among educated people the number of children are less. Families must be taught that not only doesn't the increase in the number of children help them, but it will be an added factor to their problems. Therefore, as long as families do not achieve healthy culture, economic and psychological well being and relative security for the future the problem of population growth will not be resolved. The father of a family must feel safe about his future and feel, somehow, assured about it. Otherwise, all factors against population growth will prove ineffective.

**Clashes Reported at University of Tehran**

90OI0150A London KEYHAN in Persian 18 Jan 90 p 2

[Text] The Ebn-e Sina auditorium of Tehran University's Medical College, on 19 Azar [10 December 1989], witnessed clashes between the pro-Hezbollahi students affiliated with the Office to Strengthen and Restore Unity [Daftar-e Tahkim-e Vahdat] (Central Council of the Unified Islamic Societies of the country's students) on the one side and the members of the Islamic Society of Students on the other. In the course of these clashes, RESALAT's photographer and correspondent, who had gone to the said auditorium in order to prepare a report on the question and answer meeting of the two candidates for the Islamic Consultative Assembly with the student members of the Islamic Society, were attacked by the opposition group members and sustained some injuries.

The question and answer session was formed at the invitation of the university's Islamic Society and the two midterm candidates. Engineer Morteza Nabavi and Maryam Behruzi, who are being supported by the Tehran combatant clergy society [Jame'eh Rowhaniyat-e Mobarez-e Tehran], had taken part at this meeting in order to discuss matters with the members of the Islamic Society.

The Hezbollahi members of the Office to Strengthen and Restore Unity, who are followers of Mohtashemi and are considered hard-liners of the regime, in order to disrupt and discontinue the meeting, a few minutes after the start of the session began shouting and screaming at the other group members and one of them yanked the loudspeaker's extension cord and caused the eventual clash between the two groups. Finally, the question and answer session came to an abrupt end. In the course of disruption of the meeting, a member of the Office to Strengthen and Restore Unity, who is also in charge of the University Jihad [crusade] of the Medical School, led the other Hezbollahis.

Also, a week ago this group was responsible for disrupting a session at which Larijani, adviser to the Islamic minister of foreign affairs, was intending to deliver a speech at Tehran University.

At the present time, the various factions of the Islamic Society and Hezbollahis have expanded their activities at the university, and apparently the activities of all these societies and various groups are supervised by the representative of Seyyed 'Ali Khamene'i at Tehran University, however at times the members of these groups clash with one another for internal differences. Khamene'i's representative at Tehran University is a person named Ayatollah Mahfuzi.

Prior to the aforesaid session, Ayatollah Mahfuzi had gathered the Hezbollahi students of the Office to Strengthen and Restore Unity and told them not to disrupt the speeches of Morteza Nabavi and Maryam Behruzi, but apparently no one heeded his words and the question and answer session was changed into one of clashes.

Here it should be noted that at the first stage of the midterm elections of Tehran, none of the aforementioned candidates was elected, yet both candidates carried sufficient votes so as to make them eligible to participate in the second stage of elections which will be taking place very soon.

**Number of City Dwellers Increases by 350 Percent**

90OI0132C London KEYHAN in Persian 4 Jan 90 p 4

[Text] The rural population has increased over the past 30 years but the urban population, six million in 1335 [21 March 1956-20 March 1957] has soared to 27 million, i.e. it has increased 350 percent over the same period. This indicates the distribution of population at the national level—tremendously high in cities, but drastically low in rural areas. When we compare these statistics with the agricultural sector's level of production, we clearly see the migratory trend from village to city to have an absolutely negative impact on agricultural production. As our rural population decreased compared to our urban population, production in our agricultural sector and the yield in our foodstuffs also dwindled. According to statistics published by the Central Bank, up to 1351 [21 March 1972-20 March 1973] we had not only been self-sufficient but we also produced surplus amounts of agricultural products. Since then our agricultural output has dropped and we have not been able to meet the demand of our population, and we have suffered shortages in production. This has been our situation, although from 1335 [21 March 1956-20 March 1957] to 1338 [21 March 1959-20 March 1960] only 10 percent of our gross national income came from oil, the major part of our income being provided by agriculture and other sources of income.

The above points were brought up some time ago by Kamaledin Shahriari, a member of the Islamic Consultative Majles, during an open session of the said Majles.

Addressing the house representatives, he went on to say: From 1338 [21 March 1959-20 March 1960] to 1351 [21 March 1972-20 March 1973] our oil income took some strides, and from 10 percent it reached to 20 percent of the national income, but in 1972/73, i.e. just within a year, the share of oil in gross national income rose from 20 percent to 47 percent due to oil price increases.

The said Majles Representative added: In order to increase our income and to upgrade our per capita purchasing power, instead of allowing the agricultural sector to grow and instead of allowing consumer demand for agricultural and food products to rise bringing forth employment in the agriculture sector so that farming would become a more attractive pursuit in rural areas, and instead of investing oil money and surplus income for agricultural infrastructure such as water and farming facilities, we have allocated income from oil to the imports of agricultural products, meeting the rising demand for such products with further imports. This resulted in the total stagnation of our agriculture—despite the increase in our annual per capita income. We bereaved agriculture of its incentives in rural areas, we isolated the farmer from farming, we caused them to migrate to urban areas, and we strengthened the service sector in cities. Today we are witnessing the rate of profitability in the agricultural sector to be approximately zero to five percent only, while that rate is approximately 400 percent in the service sector.

#### Latest Census Details Population Distribution

90OI0132D London KEYHAN in Persian 11 Jan 90 p 4

[Text] While from among the provinces of the country the province of Chahar Mahall va Bakhtiari has settled the least number of migrants, the province of Tehran is accounted for having settled the largest number of migrants in the country. In 1365 [21 March 1986-20 March 1987] when Iran's latest nationwide census was taken, it was found that the country's highest population concentration, i.e. 17.6 percent of the total population lived in the province of Tehran. The most populated households of the country lived in the province of Khuzestan, the average number of persons living in the ordinary households of this province being six. On the other hand the average number of persons living in the households of the province of Semnan being 4.5 persons, was smaller than that of all other provinces.

The Statistics Center of Iran which some time ago published the final results of the 1365 [21 March 1986-20 March 1987] census on population and housing, announced that during the year of the census the province of Tehran had the highest rate of urban residency, i.e. 86.5 percent, and the lowest rate of urban residency was held by the province of Kohkiluyeh va Boyer Ahmad, i.e. 27 percent. According to the final results of the 1365 [21 March 1986-20 March 1987] census, the ratio of the 14-year-old-and-below group living in the province of Kohkiluyeh va Boyer Ahmad to the total population of this province is larger than that of any

other province, i.e. approximately 52 percent. The rate is the smallest in the province of Tehran, i.e. 40 percent.

According to the same report, the proportion of individuals who are able to speak Persian is 99.2 percent in the provinces of Kerman, Semnan, and Yazd, 99.1 percent in Esfahan, 99 percent in Fars—larger than those of all other provinces. In the provinces of Kordestan (38.9 percent), Bakhtaran (39.1 percent), East Azarbaijan (40.7 percent), the least number of people were able to speak Persian.

According to the same census, in 1365 [21 March 1986-20 March 1987] 93.4 percent of the children in the 6-10-year age bracket living in the province of Yazd attended school, while in the province of Esfahan 92.9 percent of the children in the same age group attended school.

During the same period 47.2 percent of the children were under educational coverage in the province of Sistan va Baluchestan, 62.5 percent in Kordestan, and 63.2 percent in West Azarbaijan.

In 1365 [21 March 1986-20 March 1987] (the year of the census) the highest rate of employment belonged to the province of Gilan, 51.2 percent, and the lowest rate of employment belonged to the province of Kordestan, 37.9 percent. Accordingly, the number of people employed in the agricultural sector in Gilan (51.2 percent) has been the highest compared to other provinces. The lowest employment rate in the agricultural sector (4.8 percent) belonged to the province of Tehran.

According to the census the tenancy situation in the various provinces of the country has been as follows: The provinces of Bakhtaran (24.8 percent) and Tehran (23.3 percent) have the highest rates of tenant households throughout the nation, while the provinces of Chahar Mahall va Bakhtiari (6.8 percent) and East Azarbaijan (9.4 percent) have the lowest rates of tenancy.

The public relations department of Iran's Statistics Center announced in its publication that in 1365 [21 March 1986-20 March 1987] approximately 97.5 percent of Tehran's households used electrical power and 92.5 percent used potable piped water in their places of residence. During the same period only 51.7 percent of the households living in Sistan va Baluchestan used electricity in their homes. In this regard Sistan va Baluchestan has held the lowest place compared to the rest of the provinces. Regarding the use of piped water in household residential units, the provinces of Gilan (with 41.5 percent) and Sistan va Baluchestan (with 44.4 percent) have held the lowest place compared to the other provinces of the country.

#### Meshkini on Introducing Islam to East Bloc Countries

90OI0082A Tehran ETTELA'AT  
in Persian 2 Dec 89 p 2

[Text] Qom—The politico-religious and solidarity-inducing procession of the Friday prayer was held,

in special grandeur, in this city's mosque under the leadership of Ayatollah Meshkini.

The Friday prayer leader of Qom, in the first sermon after the prayer, preached piety and adherence to Godly limits. In continuation of the discussions of the previous weeks, he spoke in detail about injustice and its impressions, man's and society's destiny.

In the second sermon—in commemoration of Basij Week—he glorified the unknown martyrs among the basijis and spoke in appreciation of the services of these dear ones during the eight years of holy defense. In continuation of the second sermon, the Friday Prayer leader of Qom pointed out to the ever-increasing growth of Islam among nations and glorified the brave resistance of the Islamic sisters to the pressures by the governments of France, Turkey, and Egypt.

He added: The French government's retreat in connection with the just demands of the Moslems in that country, in regard to Islamic cover was a major victory for Islam and the world Moslems. This shows the growth of Islam and the legitimacy of God's rules among truth-seeking nations.

Ayatollah Meshkini then warned those sisters who disregard the codes of Islamic cover and said: Regretfully, ten years after the revolution, still some do not follow the codes of Islamic cover and, without paying attention to the sacred feelings of the martyrs' families and the Moslem people of Iran, continue in their false way. He warned that if they do not refrain from their unIslamic behavior, the Hezbollah youth and the families of the martyrs will deal with them.

The Friday prayer leader of Qom then referred to recent developments in the East Bloc countries and pointed out the heavy burden of responsibility that rests on the shoulders of Islamic scholars, intellectuals, and Islamic missionaries to awaken nations. He said: After the nature of communism was revealed to the people of these countries, the Islamic scientists, writers, and speakers must introduce the true Islam of Mohammad to these people with their pens, their speeches and, even, by sacrificing their lives so that they know the truth and, God forbid, do not fall in the trap of capitalism after freedom from communism.

Ayatollah Meshkini glorified the historic move of the late Imam to send a message to the Soviet leader and called him the initiator of this Godly move. He added: The scholars of the Islamic world must follow the example of the late Imam and be attentive to the ever-increasing expansion of Islam among nations.

In conclusion, in commemoration of the anniversary of the great martyr Ayatollah Modarress, the chairman of the Assembly of Experts glorified the services of this great combatant clergy to Islam and Moslems.

## PAKISTAN

### Kashmir: India, Pakistan Warned of 'Berlin Wall' Factor

46000081A Lahore THE NATION  
in English 18 Jan 90 p 6

[Article by Khalid Mahmood: "Sattar Mission and After"]

[Text] Mr Abdus Sattar's mission to New Delhi has evoked mixed responses. Some observers have called it a "fiasco." Given the high note of accusations of involvement in occupied Kashmir and the warning to Islamabad conveyed by no less a person than Mr V. P. Singh himself, the observation is not entirely far-fetched. The fact that the occasion of a goodwill mission by a special envoy was chosen for a tirade against Pakistan cannot be overlooked, albeit the motive may have been domestic consumption. Mr Sattar himself had a different version of his encounter with India's new leaders. Reports of "warning" to Pakistan, according to him, were highly exaggerated and though the Indian Press was hostile, the government leaders' behaviour was correct and cordial. His claim of "success" is also based on the logic that he had a limited mission to accomplish and the task of rejuvenating the normalisation process has been secured. A Foreign Office spokesman has endorsed Mr Sattar's account by stating that "Pakistan was satisfied with the outcome of the talks" and there was a mutual desire for a meeting between the two Prime Ministers.

Mr Abdus Sattar who was summoned from Moscow to undertake the trip to New Delhi was an ideal choice for a goodwill mission to India. Besides being an exception to the run of the mill diplomats we have produced, he has to his credit a highly successful tenure as ambassador in New Delhi. He seemed to have stuck to his mandate and without getting himself involved in "controversies" focused on working out the modalities of re-opening the inconclusive dialogue between the two countries. What apparently went wrong, at least in popular perception, and for no fault of Mr Sattar was the timing of the mission. At a time when the people of Kashmir had risen in revolt and the entire valley was under perpetual curfew, it was neither possible, nor desirable to overlook the Kashmir issue and discuss normalisation.

The Indian annoyance, whether or not it was personally conveyed to Mr Sattar, was symptomatic of V. P. Singh Government's predicament. On one hand it wishes to project itself as a peace-maker willing to accommodate dissent and make compromises, on the other it is fearful of being dubbed as a weakling prone to playing ball with "anti-national forces". An illustration of how tricky the power-game is for India's minority government was the stricture of "succumbing to terrorist blackmail" when the release of Home Minister's daughter was secured in exchange for freeing five Kashmir Liberation Front activists. The stage was already set for a tough line with Pakistan when in anticipation of a peace endeavour vis-a-vis the Sikhs and the Kashmiri Muslims, outcries

of "no truck, with the secessionists" were raised. Mr V. P. Singh was obliged to declare that no deal will be made at the cost of compromising the "territorial integrity" of India.

Though the BJ has vowed to help sustain the minority government in office disregarding its built-in hostility to the Communists, there is a limit to which the militant apostle of "Hindu nationalism" can take by way of concession to non-Hindu minorities. On Punjab the BJP [Bharatiya Janata Party] has warned against the policy of appeasement taking too far and has called for firm action against Sikh terrorists. On Kashmir the BJP wants to move in a direction opposite to what Mr V. P. Singh has set as his target. It has been asking for the dismissal of Farooq Abdullah's Government, use of force to quell the agitation and the repeal of Article 370 of the Constitution under which Kashmir was given a special status in the Indian union.

Whereas Mr V. P. Singh is prone to sharing power with dissidents of different hues including the so-called "secessionists" in a bid to incorporate them in the system, powerful lobbies of "Hindu Communalism" are averse to creating islands of "separate religions identity." It is understandable why the soft-spoken Raja who claims to be a "moralist" in politics has to prove himself to be a "tough guy" capable of upholding the tradition of "bulleying and blackmail" vis-a-vis small neighbours.

He has to save his shaky alliance from collapse and also not give the Congress party the opportunity to pronounce him an "unworthy successor to Rajiv Gandhi" who had sold out to the enemy. At a recently held All Parties peace rally at Ludhiana—part of V. P. Singh's offensive to woo the Sikhs—his Foreign Minister I. K. Gujral unlike his usual self, indulged in anti-Pakistan rhetoric reminiscent of Rajiv Gandhi days. The anti-climax of the so-called "successful" goodwill mission, however, has come soon after the Foreign Office in Islamabad had picked up courage to "express concern over the situation in Indian-Held Kashmir". In a sharp retort the Indian External Affairs Ministry termed it as a "wanton and uncalled for interference in India's internal affairs" and asserted that the only unresolved aspect of the Kashmir issue was to "vacate Pakistan's illegal occupation" of a part of Kashmir.

The belligerent mood in New Delhi is indicative of its growing irritation with failure to control the mass uprising in the Kashmir valley. It also underscores the inherent weakness of the new government to make a radical break with past policies. Mr V. P. Singh would have liked to initiate a "peace process" in Kashmir also, like the one he has launched in Punjab. But, to his bad luck, there are no bidders for his Kashmir recipe. His options on Kashmir are extremely limited. He would like to avoid a military crack-down followed by the Governor's rule, but Farooq Abdullah having become redundant, he can hardly find a Kashmiri Muslim capable of delivering the goods and also willing to play ball with New Delhi.

The outlook in Islamabad has been of caution and restraint, normalisation of relations being a top priority. And "step-by-step diplomacy" has been rightly regarded as the only

viable strategy to de-escalate tension. But events in the Kashmir valley have overtaken the peace process and the issue which both sides had agreed to de-link from the current dialogue is threatening to wreck the entire exercise. While no one with any foresight will suggest that Pakistan, in the wake of Kashmir developments, should abandon the normalisation process, the crucial question is, what choice New Delhi's attitude has left for Pakistan.

The outstanding feature of the current upsurge in Kashmir is its indigenous character both in terms of "identity" and "content". The phenomenal mass mobilisation and its sustenance provide an undeniable evidence of its deep roots from within. Militancy is indeed a new factor, hitherto, unheard of in the valley, and could not have come into play for long without an organisational capacity of "sons of the soil". Both India and Pakistan seem to acknowledge the "de-stabilisation potential" of the Kashmir problem. They do not wish to have another war, despite V. P. Singh's inability, so far, to see beyond India's traditional "bulleying psyche" and IJI [Islamic Jamhoori Ittehad]-led anti-India fever in Pakistan. Under the Simla Agreement, India and Pakistan had not renounced their respective positions on Kashmir, but until the two countries are ready to seriously find a lasting solution to the problem, the real party to the issue, the Kashmiri people cannot be asked to wait and see.

It would be real-politik if Ms Bhutto, in line with her father's legacy, decides to keep up a pipe-line (even though limited) to the indigenously rooted resistance in the valley, played it at a low-key and at the same time, sought a dialogue with New Delhi. It is time for Ms Bhutto to propose to India confidence-building measures in Kashmir without prejudice to their respective positions on this issue. It could be proposed that Pakistan and India will undertake in a phased programme measures to defuse tension in Kashmir, and while Indian occupation is responsible for the problem, Pakistan would be ready to take equal obligations on its side to encourage India towards rational approach. Phased undertaking may include (a) winding up contentions from population centres, greater emphasis on the role of local civil authorities, (b) equal thinning out of troops from the so-called line of control, (c) agree on opening at least three points on the line of control for the Kashmiris to cross for short visits—to be manned by UN observers. The "Berlin Wall" in Kashmir will crumble under pressure from Kashmiris, if not today, tomorrow. It will be better if India realised it and Pakistan helped India in understanding this.

#### **Government Frustration Over Disorder in Sindh**

90OI0124A Lahore NAWA-I-WAQT  
in Urdu 30 Dec 89 p 12

[Article by Mohammad Anwar 'Ali entitled: "Sindh's Political Climate" and subtitled, "Peace And Order Should Be Restored in Sindh at Any Price—Will Junejo Agree To Cooperate With the People's Party Government?"]

[Text] Prime Minister Benazir Bhutto's recent tour of Sindh was the most important mission of her year-old administration and, this time, her attitude and decisions were reminiscent of her late father, Zulfikar Ali Bhutto. The prime minister was very upset because she had put an end to the bitterness created in Sindh by her ministers. With an open mind and heart, she had met with and talked with all sections of the population and had arranged to put matters right to a great extent. Who then were these enemies of law and order who had suddenly commenced firing in a poor section of Sindh and started an orgy of killing and plunder? As a result, the curfew had to be hastily reimposed. In a television interview lasting a few seconds, Aftab Shaikh, the mayor of Hyderabad, delivered a brief message to the people which received wide praise throughout the length and breadth of Sindh. The mayor said, "I sincerely appeal to all classes to maintain peace. The twelve curfews have done us great harm." In Hyderabad's Circuit House, the prime minister resolved in a commendable manner the mutual bitterness existing between Aitzaz Ahsan, the minister of the interior, and the MQM [Muhajir Qaumi Movement] delegation. The effect of the ignorant actions of the foolish friends of the PPP [Pakistan People's Party] was felt again with intensity. Their lack of understanding has obstructed every attempt at a political agreement. On her return to Karachi from Hyderabad, the prime minister presided over a high level meeting of the Sindh administration, during which it was difficult to divide her thoughts from her expression. She issued instructions in hard terms to chief minister Syed Qaim 'Ali Shah, who is noted for his sangfroid and tolerance, to the effect that law and order was to be preserved in Sindh at any price and that no leniency was to be shown to anyone. But for the moment, the most important problem facing the PPP, in addition to the curfews in some areas of Karachi and Lahore, is the public gathering scheduled for 12 January in Karachi. The MQM leadership has made this matter of united opposition an issue of their prestige and Altaf Hussain announced in no uncertain terms, in an interview published in NAWA-I-WAQT, that the meeting would be held. As far as the government is concerned, so far, it has adopted a cautious attitude officially but discussions and consultations are being held at the highest level to determine what policy should be adopted.

In the province of Sindh, the government has not been able to bring under full control such matters as social law and order, lack of security, business stoppage, the sorry state of educational institutions, and criminal activities. NonSindhi inhabitants of the province complain that their children are denied admission in educational institutions. If they do somehow succeed in gaining admission, they are now allowed to continue their studies. They are beaten up, insulted and humiliated at every step, but the Sindh government has not taken any steps so far to protect them. Whereas in Karachi University, NED engineering university Karachi, and in various other colleges in Karachi rangers have been placed on guard duty. The nonSindhis show a strong negative reaction towards such arrangements and call them biased.

From the interior of Sindh, daily reports of daytime robbery attacks and kidnappings have become routine.

Sindhi inhabitants of rural areas are being attacked as well which proves clearly that the attackers are professional thieves and looters. For the last month and a half, stories of confrontations between thieves and the police have been appearing regularly in newspapers so that an ordinary man does not feel that his life, property, and honor are safe anywhere. In the wedding houses of Karachi, people do not wear as much jewelry and expensive clothes. The inhabitants of the city who used to be fond of going out for leisure activities after ten o'clock at night now take refuge in their houses before nightfall and have forgotten how to enjoy themselves. Of course, after nightfall, the police stop ordinary people at different areas and question them as harshly and mercilessly as though they were criminals. Such behaviour has hurt the prestige of the government and the PPP.

During her recent brief trip to Karachi, Prime Minister Benazir Bhutto paid particular attention to these matters. The PPP members here expressed their views regarding those government advisors who, even after losing the elections, are enjoying the full prerogatives of power, but the PPP is paying the price. An important member of the PPP disclosed that the prime minister had given Chief Minister Qaim 'Ali Shah full power in regard to this matter to make any changes he considered necessary as soon as possible. The prime minister added with her calm smile that they were taking such measures in the center.

At present, discussions and consultations are in progress in informed political circles and in the Muslim league Junejo group to the effect that Mohammad Khan Junejo should accept the PPP offer to widen the base of the government so that the various Muslim league ministers would be included in the federal cabinet. So far, Junejo and his spiritual advisor, Pir Pagaro, have not given any indication or made any public statement in this regard, but it is being said openly here that former Minister Junejo will agree in the near future to cooperate with the government. Indicating his agreement in principle on the matter, he has said that after all, the Muslim league was a nationwide party whose decisions were not made on an individual basis, but according to a social and consultative system. Thus, he would consult all political allies and friends, and any decisions made would be in line with the Muslim League's Constitution. Should it indeed be true that Junejo is prepared to offer his cooperation in order to strengthen Benazir Bhutto's government, it would count as the greatest miracle of our national politics. However, the statements issued by the PPP in the last few days regarding the edicts of Qaide Azam, Pakistan's ideology and attachment to Islam, though cooled down now, are still on record. It is said that under Junejo's leadership, 15 to 20 members of the national assembly are being persuaded to widen the base of the PPP cabinet and if this should come about, undoubtedly, it would breathe new life into the PPP and that party would be able to heal the wound of MQM's desertion.

If the PPP and the Junejo group of the Muslim League should form a coalition government, IJI [Islami Jamhoori



Ittehad] would have to rearrange its ranks. Undeniably, such an unnatural alliance may have grave consequences in Sindh and cause radical elements here, of which MQM is not one, to go out of control.

Political agreement and cooperation between IJI and MQM have come about as a result of the personal efforts of Mian Nawaz Sharif and Altaf Hussain's farsightedness and in Sindh as well, MQM is no longer isolated, but the PPP may not have gauged that accurately. The next few days will show whether a durable peace is close at hand in Sindh or if it will continue to remain a mere dream.

### **People's Program Seen Creating Center-Province Tensions**

90OI0124B Lahore NAWA-I-WAQT  
in Urdu 30 Dec 89 p 12

[Report by Anwar Qidwai from Lahore entitled: "People's Program and Provincial Governments"; subtitled, "A Moment of Reflection for Political, Democratic Patriotic Forces"]

[Text] The federal government's People's Program, drawn up to implement public welfare projects, has created such serious confrontation between the center and the provinces that now "bows and arrows" are being drawn. The Punjab government has stopped the implementation of the program and issued orders to stop work on all People's Program projects. Prime Minister Benazir Bhutto started the program in all four provinces on a special basis and allocated three billion rupees for the purpose. Punjab and Baluchistan protested against the method of implementation prepared for the program, and told the federal government that the provinces did not object to the People's Program, but rather to the method adopted for implementing the program. The government of Punjab tried several times to draw the federal government's attention to the matter but was totally ignored. Consequently, the Punjab government refused to cooperate on the program. Repeated efforts were made to solve the problem by amicable discussion, but recently, the PPP [Pakistan People's Party] accused the Punjab government of obstructing the program and said that their local administrators and contractors were being arrested. It is said that after the Punjab government had used every weapon in its arsenal, without success, and the PPP started work on the program's development projects anyway, the Punjab government decided to put a stop to it. At first this was done indirectly, and divisional and deputy commissioners were told to review the program and prevent its implementation. The hope was that the federal government would pay attention and the issue would be resolved by amicable discussion. But the federal government remained obdurate. Consequently, in a speech at the annual dinner for Pakistan's civil service officials on 21 December, Mian Nawaz Sharif, the chief minister of Punjab, told the officials to "stop the People's Program." He called the program an unlawful usurpation of provincial autonomy and rights and said: "We cannot accept it.

As long as the federal government does not take back the program we will continue to obstruct it." The government and chief minister of Punjab hold the view that the program should be administered by the provinces and not by candidates defeated in the general elections, and that the latter should not have any funds channeled to them. The chief minister and the government of Punjab say that the PPP is serving, not the people, but party workers and defeated candidates and is running their election campaign. Those who object to the program say that it should be administered by government institutions, and that such large sums of money should not be entrusted to PPP workers and defeated candidates who are not accountable to anyone. On the other hand, the federal government and the PPP are not willing to listen to their objections. The federal government maintains that it has the constitutional right to administer development projects in the provinces, that the Punjab government's obstructions are unconstitutional and illegal, and that the Punjab government is guilty of acting against the Constitution. The PPP parliamentary group in the Punjab assembly deliberated on this "important and weighty" issue and decided to challenge the actions of the chief minister and the government of Punjab in the High court. The group has appointed a committee to issue a writ of petition in this regard. Rana Shaukat Mahmud, the leader of the opposition in the assembly, held another press conference in which he noted the speech of the chief minister of Punjab and said that the anti-center attitude which the government of Punjab had adopted was both unconstitutional and illegal and was creating a hostile political atmosphere in the country. Rana Shaukat Mahmud is justified in saying that the confrontation between the center and the provinces had reached a stage where they seemed to be independent states at war with each other. But he did not specify what part the federal government had played in this quarrel. Should the entire blame rest on the shoulders of Punjab and Baluchistan or should the federal government share some of the blame for the decisions it has made. As the senior partner, what has the federal government done to smooth over the differences?

Rana Shaukat Mahmud accepts the fact that the country is composed of provincial entities and that the four provinces constitute Pakistan, but he ignores the fact that the center has certain responsibilities and duties and that the provinces have been given certain rights and privileges. Why are these not implemented? Whereas projects such as the People's Program are used as targets to provoke confrontation. The government of Punjab has said and continues to say, "Let us sit together and solve this problem. We do not deny that the program is beneficial, but we do not agree with the manner of its implementation. Include our province as well as adopt a method of work which will allow better and more effective administration of the program. Extend its benefits to urban and rural inhabitants, and prevent any misuse of the funds allocated to this worthwhile purpose." Compromise is a basic part of a democratic system, but today's elected governments try to avoid compromise



which makes the system undemocratic. It is not a healthy approach to resort to the courts to solve every problem and difference of opinion. The federal government should bring the officials of the four provinces together and make them sit at the same table to talk things over. Our elders have told us that when intelligent individuals get together they can solve problems and resolve hostilities. The federal government does not want to do this, but it should if only to settle the matter once and for all. It would then be justified in saying, "Look! we invited Punjab and Baluchistan to discuss and resolve the issue in the spirit of give and take, but Punjab has taken this stand." The people would then pay heed to any charges brought by the federal government. At the same time, the government of Punjab should "lighten its hand," and by winning over public opinion, bring democratic pressure to bear on the federal government and force it to include the provincial government in the administration of the program. It is not easy to persuade the federal government on any matter, but the power of public opinion is such that even strong governments are forced to bow before it. The PPP claims to be a great supporter of the "people's justice". Hence, the people and the government of Punjab should submit their case to this same people's court. In a democracy, the power of the people's vote brings political parties to office or sends them into decline.

In view of the present situation in the country and the fact that the eyes of the nation are on the PPP and IJI [Islamic Jamhoori Ittehad] leaderships, the two sides should review their behaviour not once but a hundred times and see if changes are needed. Their recriminations and name calling is not helping the country's democratic system or its democratic institutions. The people who have struggled for a long time to restore democracy will grow tired of such a democracy and lose heart. This will encourage those "unseen hands" who have been waiting to launch a surprise attack on democracy and who, from day one, have hoped that democracy would fail in the country so that they could say, "Did we not tell you that a Western style democracy cannot succeed in Pakistan?" This is a time of reflection not only for the parties in power, but for all political, democratic, patriotic forces. They should step forward and play their part, for, in one year elected governments have disappointed the people. The fire of hatred burns with greater intensity in Sindh. The number of ministers has been increased in the frontier to save the government. Conditions are now peaceful in Baluchistan, but in Punjab, where the law and order situation was much better, repercussions from the surroundings are being felt. Unemployment and high prices have broken the backs of the people. In order to counter the federal government's machinations, the government of Punjab is busy with political wheeling and dealing while the members of the assembly are falling victim to confrontations between sides. The People's Program should not become the cause of dissension between the federal and the provincial governments. They should instead work together to banish unemployment, high prices, prejudice, and hatred in the country. They have no choice but to do so.

If political parties and in particular elected governments do not rise above "personal bias" and pay heed to the voice of the present, they will become accountable to the future.

## Foreign Investment in Pakistan Viewed

### Barriers Discussed

46000077 Lahore *THE NATION*  
in English 8 Jan 90 p 9

[Article by Our Commerce Reporter]

[Text] Lahore—Prominent industrialists and economic experts speaking at a Press Council of International Affairs seminar on Foreign Investments in Pakistan identified political instability, enormous corruption, abrupt policy reversals and bureaucratic controls as the major impediments fettering free flow of foreign capital to Pakistan.

These speakers pointed towards various paradoxes at the decision-making and implementation stages and held that these were the real issues which had to be addressed by those keen to promote foreign investments. They made catagoric statements to the effect that none of the Pakistanis living abroad was interested in investing in industrial ventures in Pakistan and maintained that this situation could not change until the Government of Pakistan adopted uniform policies and avoided abrupt policy reversals.

These speakers, including the industrial elite of the country and previous presidents of the Lahore Chamber of Commerce and Industry [LCCI], observed that "we should not fool ourselves and should try to understand that Pakistani industry could not flourish until smuggling was checked and tariff and quota restrictions imposed on us by the donor countries and agencies abolished altogether." They held that longterm policies should be framed to foster economic development purely on economic grounds and irrespective of religious or other such considerations.

They went as far as questioning the commitment of the Government of Pakistan to its goal of attracting maximum foreign investments by stating that Pakistan's tariff structure and saving schemes were aimed at attracting maximum private savings towards the public sector instead of channelising them into productive industrial or commercial investments.

These speakers included former LCCI President Mumtaz Hamid and Shahzada Alam Manoo, former LSE President Qayyum Bhatti, Pakistan Vegetable Ghee and Cooking Oil Manufacturers Association Chairman Mahmood Ali Bhatti, LCCI President Tariq Hamid, Syed Babar Ali of Packages, Prime Minister's Economic

Advisory Committee Member Dr Akmal Husain, Mahmood Mirza, Shafquat Shah, S. A. Rehman and Mr Iqbal.

Being the only representative of the Government of Pakistan, Dr Akmal Husain was the only one among the long list of speakers who painted quite a rosy picture of the investment scenario in Pakistan. Dr Akmal believed that Pakistan enjoyed a unique opportunity in its neighbouring countries for the last several years had come to an end.

He maintained that Pakistan had at present in front of it a U.S. \$42 billion market in the Iranian construction industry and a \$29 billion market in the Iraqi construction industry. He said that he saw no reason why Japan, with a balance of payment surplus of \$3 trillion, would not collaborate with Pakistan to establish steel based industry in Balochistan to help reconstruction of the two war-torn countries.

He held that both the USSR and the United States could introduce a new dimension of the glasnost by helping the reconstruction in Afghanistan, a country whose destruction had come through both of these super powers, "under the auspices of Pakistan." He observed that this would mark the initiation of another dimension of glasnost as it had been used so far just to reduce destruction.

This well worked out thesis of Dr Akmal Husain was said to be everything but practical by all other speakers who had a lot to complain when Dr Akmal left after making his introductory speech. These speakers also strongly opposed Dr Akmal's theory of attracting foreign investments for rural industrialisation to avoid the present trend of urbanisation and said that they saw no scope for a foreign investor in this field.

Former LCCI President Mumtaz Hamid made a scathing criticism of the Federal Government for what he called its non-sensical policies and its apathetic attitude towards improving the investment climate in the country. He believed that the only way to improve the situation was by developing public opinion, which was only possible if the constraints that were confronting investors were made public.

"You can't attract foreign investors when your own industry is in the doldrums," said Mr Hamid in a very pessimistic tone. "Then your own investors are not willing to invest in the country, how can you expect foreigners to come here and install industry?" He was of the opinion that with so many Mullahs and bureaucrats around, there was no way the country could progress.

Reminiscing about the good old 1960s, Mr Hamid said that at that time South Korea had specially sent its team to Pakistan to study the causes of success and now they were light years ahead of us. Referring to the famous treatment given to be '22 Families' in early 1972, he observed that in Korea only five families controlled 90 percent of the economy.

Stressing the need for formulation of just policies, he opined that the current crime wave that had hit the country only because of unemployment and poverty. He further said that foreigners saw Pakistan as a high-risk area and our policy-makers were still living in a fool's paradise.

In a very harsh tone he said that a large number of local industrialists were investing abroad with 20 to 30 Pakistani investing only in Jabl-i-Ali in Dubai. "Investors from all over the world were queuing up for investing in Jabl-i-Ali only because they had given highly attractive incentives and were providing infrastructural and financing facilities at a speed we could not think of in Pakistan."

Coming down heavily on Dr Akmal Husain, he said that he saw things with jaundiced eyes as he was "a Federal Government man" and criticised him for what he said his impractical approach. He further said that Dr Akmal had presented a very rosy picture of the economy. He criticised him for his assumption that 1240 MW power project in Hub would partially solve the energy crisis in the country. He maintained that the cost of thermal power was Rs 1.50 per unit against the Ps 10 per unit cost of hydel power. "Why are Kala Bagh and Bhasha Dam not being constructed," he asked and added that politics and religion should be kept aloof of economics.

Mr Hamid believed that government policies were lopsided and Gadoon tax-free estate was one example of it.

Mr Qayyum Bhatti started off with the observation that our bureaucrats were a highly complexed creatures and could not see foreigners eye to eye. Supporting his argument, he said that like our joint venture with Japanese for Suzuki cars manufacturing, India had also signed a similar pact with Japan for car manufacturing with the name of Maruti. But the conditions set by India were much more relaxed and included transfer of technology.

Refuting the statement of Dr Akmal, he said that Japanese were not willing to invest in Pakistan in any case. The constraints, which in his opinion, were being confronted by investors included lack of infrastructure, harsh tariff structure, abrupt policies and unstable government.

LCCI President Tariq Hamid, while defending the onslaught of the participants regarding foreigners reluctance to come to Pakistan, said that the country had a very good track record of hospitality to foreigners. Even when all the major industries were nationalised in 1970s, foreign projects were not touched upon. Agreeing with the speakers about the constraints being faced by industrialists in Pakistan, he said that investors went where they faced less hurdles.

He believed that bureaucracy was the biggest impediment in our development and even when high-ups gave in, the section officer would not allow industrialists to utilise any facility announced by the government. He

refuted the impression that import of generators by industrialists had been allowed tax-free and quoted an incident in which customs officials had allowed only a part of a generator, while halting its accessories. He further said that investments could not flourish in the country until we set our house in order.

### Climate Said Favorable

46000077 Lahore *THE NATION*  
in English 27 Jan 90 p 6

[Text] Karachi, 26 Jan—Mr J. Yamana, leader of a two-member delegation representing Asian Finance and Investment Corporation Ltd, Manila, said here on Thursday that his concern was ready to enter into joint ventures with Pakistan's both public and private sectors.

Talking to newsmen before leaving for Manila at the end of a four-day exploratory visit, he said, that he was of a firm belief that Pakistan offered a very good climate of foreign investment in a variety of sectors including transport, communications and industrial.

Mr Yamana, who is President of the Corporation having shareholders from nine developed countries including the United States, Korea and Japan, said that his concern had already advanced investment to four Pakistani firms in private sector to a total tune of 34 million dollars. He listed the Pakistani growing concerns each in cement, fertilisers and the remaining two in leasing business.

He said that his concern had fulfilled 70 percent of its commitment it had made to Pakistani entrepreneurs in private sector. The total commitment made by his concern was of the order of 51.5 million dollars.

Asked about the discussions he had with Pakistani officials both in the public and private sectors including Mr V.A. Jafari, Adviser to the Prime Minister on Finance, Mr Yamana said that those were very fruitful and meaningful.

He had a word of praise for Pakistan's policy of privatisation and was sure that it would yield rich dividends in not too distant a future.

He said Pakistan possessed a lot of potentials to attract foreign investment for the swift development of its industrial sector among others.

To a question he said that funds advanced by his concern to Pakistani private entrepreneurs were being utilised in a proper manner.

Mr Yamana said that he would make it convenient to visit Pakistan in the near future to give practical shape to the discussions he had with his Pakistani counterparts.

Regarding lendings by his concern, he said, that there was no fixed target and the amount may exceed to any limit provided the proposals advanced were sound and feasible.

Earlier Mr Yamana, accompanied by Mr S. Parthasarathy, attended a dinner given by Mr Javed Ali Khan, Executive Director of Pioneer Cement Ltd here at a local hotel.—APP

### Editorial Questions Acceptability of IMF 'Conditionalities'

46000081C Lahore *THE NATION*  
in English 24 Jan 90 p II

[Editorial: "IMF and Pakistan"]

[Text] In its latest report on Pakistan's economy the IMF had some words of praise for the structural changes brought about so far by the Government of Pakistan and some words of caution against "policy slippages". Not many would disagree with the assessment that the economy inherited by the present government, did suffer from structural imbalances, mostly because of heavy subsidies to certain sectors, large-scale leakages in revenue collection, widespread corruption, wastages in public sector expenditure, poor rate of saving, reckless foreign and domestic borrowing, unsatisfactory export performance and insufficient investments in the private sector industries. The IMF panacea for these ills, given under the name of "guide-lines" was acceptable by Dr Mahbubul Haq, Finance Minister in the previous government, and endorsed by the present government. Some policy measures, like reduction in subsidies and fixation of prices of key crops in line with world market prices, have already been taken. IMF now expects the power and fertiliser rates to go up too.

Whether the economy is really on the mend, only time will tell. President Ghulam Ishaq Khan, in his speech to the joint session of the Parliament, had pointed to the negative fall-out of these policies by mentioning among other things, the double digit inflation that has further reduced the poor man's capacity to survive. If power and fertiliser rates go up now, their adverse effect on prices will be inevitable. The government's problem is that unless it follows the "guide-lines", the next instalment of "structural adjustment facility", that the IMF provides to keep Pakistan's currency propped up, will not be forthcoming. The government faced this dilemma immediately after assuming power. It should have re-negotiated the conditionalities, but it managed only to resist some of the harsher IMF recommendations. Some resistance may have to be put up now if the people are to be saved from further misery. On the other hand if the government capitulates and raises these tariffs, their impact on the future of industry or agriculture will really be serious. The government may find itself under great pressure to raise wages, which will inevitably further raise the price level. Private sector, saddled with the double liability of costlier energy and costlier labour, may go back into its shell and shy away from further industrial investment which is already on a downswing. Growth rate could then fall and people suffering from heavy inflation could come on to the streets. The government should have a close look at the examples of Egypt and Algeria where people had to resort to similar measures against acceptance of IMF conditionalities by their governments.

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